Ministry of Sustainable Resource Development

2001/ 2002 Annual Report

Alberta

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Public Accounts 2001-2002

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 25, 2002 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act and Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2002, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 17, 2002 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Mike Cardinal
Minister of Sustainable Resource Development

Message from the Minister

Alberta Sustainable Resource Development was created in March 2001 to provide greater direction and focus on the sustainability of Alberta's renewable natural resources.

An important aspect of this focus is ensuring that economic development is balanced with the wise management of our valuable resources. We carefully consider the balance between the economic, environmental and social values of provincial land and we work to minimize the footprint of development on Alberta's environment.

From fighting hundreds of wildfires to taking on the responsibility for regulating confined livestock feeding operations, from stocking lakes with fish to creating greater respect for our land resources, 2001-02 was a very challenging year.

We fought almost 960 wildfires during Alberta's longest recorded fire season, with the largest being the Chisholm fire. At the same time, we closely monitored fire hazard conditions and issued regional fire bans to reduce the threat of forest fires and to ensure the safety of Albertans.

To further protect communities, we developed fire control agreements with communities and industry, and worked together to reduce the risk and severity of wildfires. We also promoted the FireSmart program, teaching people in wildland or prairie grassland settings how to reduce risk to their homes from wildfires.

The Canada-U.S. softwood lumber trade dispute was a significant ongoing issue, and we worked with other provincial departments, municipalities, the federal government and the forest industry in an effort to develop a strong long-term solution.

We negotiated important forest management agreements with forest companies, which included determining the annual allowable cut for each specific area, detailing the responsibilities of the forest company and reforestation plans.

Albertans highly value our fish and wildlife, and we produced a status report that sets the stage for managing and protecting wild species, particularly species at risk. We also began developing an innovative approach to sustaining Alberta's fisheries through our Improving Alberta's Fisheries plan — to address fishing pressure and the recovery of healthy fish stocks.

Conservation officers spoke with almost 116,000 hunters and anglers during regular patrols. Enforcement activities led to more than 7,400 charges, fines of nearly $840,000 and 3,940 days in jail for offenders.

As an example of the public consultations we carried out, an advisory group was established to provide advice on coordinating recreational and other activities in the resource-rich Bighorn area. Many Albertans with diverse opinions participated in the advisory group process and provided comment.

Our Ministry also approved applications for about 11,600 oil and gas wells and pipelines on public lands. Each approval included criteria to minimize the impact on natural resources.

In addition to its existing activities, the Natural Resources Conservation Board took on the significant responsibility for regulating confined feeding operations, effective January 1, 2002.

I am proud to lead a Ministry with staff who are so dedicated to working on behalf of Albertans to ensure that fish, wildlife, lands and forests have a secure place in the future of our province.

This Ministry has made significant progress during its first-ever year. Our promise is that we will continue to be forward-looking and innovative in a way that Albertans expect of their government.

Mike Cardinal
Minister
Alberta Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Sustainable Resource Development includes:

Department of Sustainable Resource Development,
Environmental Protection and Enhancement Fund,
Natural Resources Conservation Board, and
Surface Rights and Land Compensation Boards.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry's administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Sustainable Resource Development any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Dr. R.J. (Bob) Fessenden, Deputy Minister
September 17, 2002

Overview

Ministry Entities

The Ministry of Sustainable Resource Development was created in the spring of 2001 from components of three ministries — Environment; Agriculture, Food and Rural Development; and Resource Development. In addition to the department of Sustainable Resource Development (SRD), the Ministry includes the Natural Resources Conservation Board; Surface Rights Board; Land Compensation Board; and Environmental Protection and Enhancement Fund.

The Ministry's vision states that Alberta's public lands, forest, rangelands, fish and wildlife resources are to be managed within a policy, administrative and regulatory framework that benefits both present and future Albertans. This vision is reflected in each of the department's core business.

The Ministry's mission is to ensure the sustained contribution of benefits to Albertans from Alberta's public land and wildlife resources.

The Department

The department's core businesses are delivered through four line divisions: Forest Protection, Fish and Wildlife, Land and Forest, and Public Lands. The divisions are supported by Communications; Human Resources; Policy and Planning; and Strategic Corporate Services.

Forest Protection Division	Assistant Deputy Minister (780) 427-3542
Fish and Wildlife Division	Assistant Deputy Minister (780) 427-1138
Land and Forest Division	Assistant Deputy Minister (780) 422-9320
Public Lands Division	Assistant Deputy Minister (780) 422-4415
Communications Division	Director (780) 427-8636
Policy and Planning Division	Executive Director (780) 427-3802
Strategic Corporate Services	Assistant Deputy Minister/ Senior Financial Officer (780) 422-8600

The Boards

The Minister of Sustainable Resource Development is responsible for the Natural Resources Conservation Board, Land Compensation Board, and Surface Rights Board. These organizations operate at arm's length from the department and report directly to the Minister.

Natural Resources Conservation Board

Established in 1991, the Natural Resources Conservation Board (NRCB) supports the vision and mission of the Ministry by conducting independent, open and impartial public reviews of projects that may affect the natural resources of Alberta. Potential projects reviewed by the board include: forest industry projects; recreation and tourism developments; metallic and industrial mineral projects; and water management projects for which an environmental impact assessment is required. Effective January 2002, the NRCB's mandate expanded to include the regulation of new or expanding confined livestock feeding operations (CFOs) and ensuring that all livestock operations are storing, processing, and spreading manure in accordance with the regulations.

Dr. Brian Bietz - Chair (403) 297-4303

Surface Rights Board

The Surface Rights Board is an arbitration board with four areas of responsibility:

- issuing Right of Entry Orders for oil and gas activity, power and telephone lines;
- determining compensation for a Right of Entry Order and reviewing rents every five years for Right of Entry Orders and Surface Leases;
- settling disputes and determining compensation for damages to the land of the leased or right of entry area; and
- recommending payments by the Minister of Finance where the operator defaults.

Stan Schumacher - Chair (780) 427-6202

Land Compensation Board

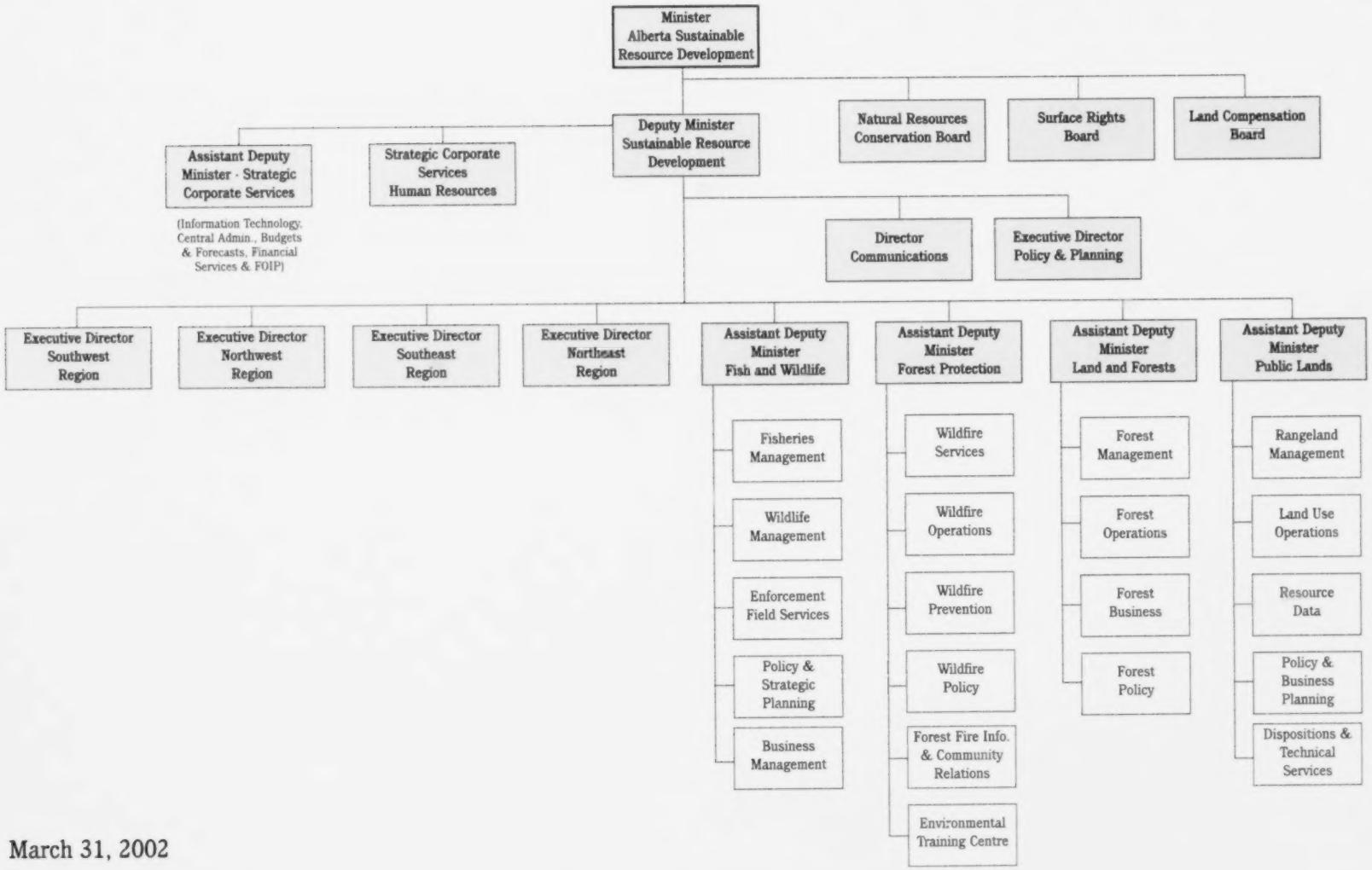
The Land Compensation Board is responsible for initiating and implementing Board policies, initiating legislative changes, and formulating rules of procedure for situations when the Crown must expropriate landowner's property.

Stan Schumacher - Chair (780) 427-6202

Environmental Protection and Enhancement Fund

The Environmental Protection and Enhancement Fund (EPEF) operates under the authority of the *Environmental Protection and Enhancement Act*. The fund is used for environmental emergencies, and environmental protection or enhancement. The ministry contributes to the EPEF's revenues primarily through timber royalties and fees. SRD draws from the fund's Natural Resources Emergency Program to cover firefighting expenditures, and to a lesser degree, for its forest health as well as its intercept feeding and fencing programs.

Sustainable Resource Development



March 31, 2002

An Operational Overview

Sustainable Resource Development's mandate broadly encompasses the government's three core businesses of People, Prosperity and Preservation. The department concentrates on five core businesses to achieve its mission of sustaining the benefits Albertans receive from public land and wildlife resources.

- Forest Protection — protecting the multiple values received from forests within the Forest Protection Area of the province by working cooperatively with municipalities, industry, and other stakeholders.
- Forest Land and Resource Management — managing Alberta's forests and forest lands benefits to support a full range of uses and values to Albertans, including timber production, wildlife habitat, livestock grazing and recreational uses.
- Fish and Wildlife Management — managing Alberta's fish and wildlife resources to preserve their intrinsic value to the environment as well as their recreational and economic importance to Albertans.
- Rangeland Management — managing Alberta public rangelands to support a full range of uses and values that include livestock grazing, recreational use, and wildlife habitat.
- Land Use Disposition Management — ensuring that dispositions are efficiently and effectively managed to reflect balanced use and stewardship of Alberta's public lands.

A Summary of Key Activities in the Past Year

In its inaugural year, the Ministry faced a number of internal and external challenges, including significant natural events, such as fire and drought. Highlights of Ministry's response to these challenges include:

- Through the review of the Chisholm fire event, SRD improved its understanding and response to wildland-urban interface issues that occur when communities are located in forested areas.
- With continued, significant pressures on our fisheries resource, SRD developed an innovative, wide-ranging strategy focused on improving the state of Alberta's fisheries, called — *Improving Alberta's Fisheries*.
- In the face of heightened United States trade action on Canada's forestry industry (the softwood lumber dispute), SRD worked collaboratively with the Department of International and Intergovernmental Relations, other provincial governments, the federal government and the Alberta forestry industry to develop litigated and negotiated solutions to this dispute.
- With another year of cumulative drought conditions, SRD adapted its rangeland management practices to ensure the continued multiple use and health of this important resource.

- In response to sustained increases in oil and gas activity in the province, and the associated demand on disposition applications, SRD continued to adapt processes to ensure timely responses for our clients that contained appropriate conditions to minimize industry's footprint on the landscape.
- With the addition of Confined Feeding Operations (CFOs) to its mandate, the NRCB expanded its operations to accommodate the effective delivery of both its new and existing programs.

Deputy Minister's Message

This past fiscal year kept us busy and presented us with many challenges, including the creation of the Ministry of Sustainable Resource Development. Careful planning and thought went into how we would build and adjust our team and programs. As this annual report shows, we have redefined our businesses and set the stage for building an organizational structure, business delivery system and more effective performance measures.

While all of this change happened, business did not stop and neither did we. With the high level of commitment provided by all staff, we continued to deliver our quality programs and services.

Our accomplishments include the continued proactive management and protection of wild species, plans to improve fisheries, and the enforcement of fish and wildlife regulations. Last year our staff also dealt with the province's longest recorded fire season, and continued to manage Alberta's public lands for long-term sustainability.

Significant events have also influenced our achievements. Worldwide economic pressures, issues regarding softwood lumber, and dry conditions across the province continue to provide us with challenges.

We enter the 2002-03 fiscal year with a new management team and a new service delivery structure. Our head office structure was adjusted to better reflect the businesses and policies of the Ministry, and to focus on the needs of Albertans. Regional representation was added to our executive team in order to better provide integrated service delivery and to bring regional issues to the direct attention of the executive table.

We have made great strides this year, from our beginnings as a new Ministry to a cohesive team. I am pleased to be associated with such a dedicated and talented group of people.

I am confident that Sustainable Resource Development will continue to meet any challenges that come our way, and I look forward to seeing what new ideas arise from our efforts to deliver exceptional programs and services.

Dr. R.J. (Bob) Fessenden
Deputy Minister
Alberta Sustainable Resource Development

AUDITOR GENERAL *Alberta*

Report of the Auditor General

Report of the Auditor General on the Results Of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Sustainable Resource Development's performance measures included in the *2001-2002 Annual Report of the Ministry of Sustainable Resource Development* as presented on pages 25 to 39.

1. Information obtained from an independent source was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations which converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the performance measures included in the *2001-2002 Annual Report of the Ministry of Sustainable Resource Development*.

Fred J. Dunn
CA
Auditor General

Edmonton, Alberta
August 2, 2002

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Results Analysis

Overview of Results Analysis

The results analysis section is organized according to the major operating entities within the Ministry. The section discusses major accomplishments towards each goal and integrates performance measures and financial data highlights.

Part 1 focuses on the Department of Sustainable Resource Development and Part 2 focuses on the NRCB.

The Minister of Sustainable Resource Development is also responsible for the Land Compensation Board and the Surface Rights Board. The key results of these entities are reported under a separate process outlined in the *Surface Rights Act*. The reports are submitted directly to the Minister in January of each year.

Part 1

The Department of Sustainable Resource Development Core Businesses, Goals and Measures

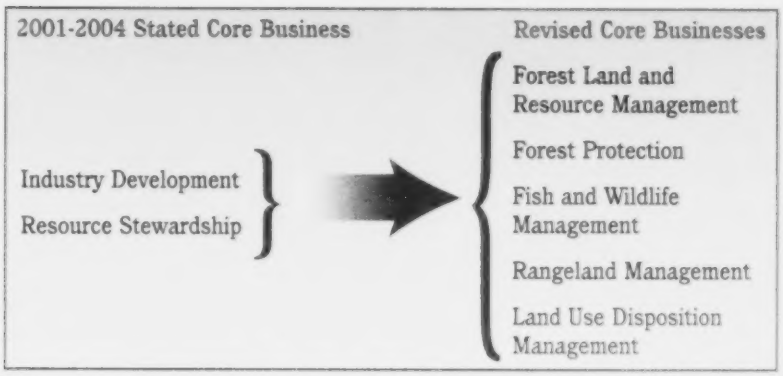
Introduction

In the spring of 2001, the newly formed ministry published a business plan reflecting the amalgamation of business functions inherited from other ministries. Since then, management reviewed the business functions of the new department. Core businesses were redefined to better fulfill the department's mandate of integrating social, economic, and environmental elements into resource management as well as separating the unique aspects of the forest protection business function into a distinct core business.

Figure 1 provides a comparison between the originally stated and revised core businesses. Table 1 provides a summary of expense distributed by these five core businesses. Table 2 outlines how each goal statement is affected by the reorganization of the core businesses. This annual report has been organized based on the revised core businesses and goal statements.

Figure 1

Sustainable Resource Development's Core Businesses



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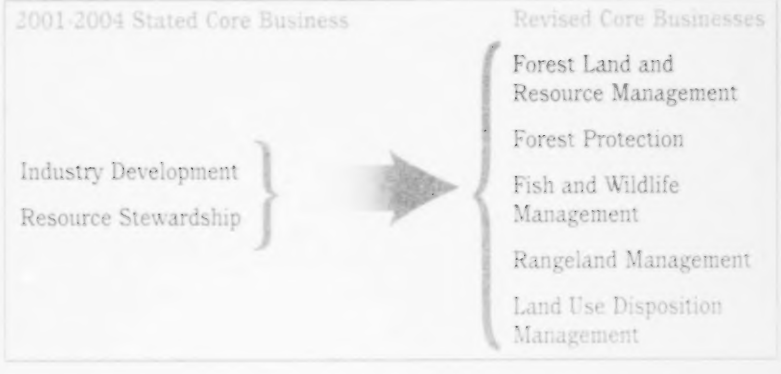

Table 1

Sustainable Resource Development's Expense (unaudited) by Core Business (in thousands of dollars)

Core Business	2001-2002 Budget	2001-2002 Actual	2000-2001 Actual
Forest Protection	$ 74,041	$ 176,321	$ 115,568
Forest Land and Resource Management	33,726	27,769	31,530
Fish and Wildlife Management	46,415	39,200	36,740
Range Land Management	13,250	10,655	10,172
Land Use Disposition Management	29,860	30,731	25,357
Surface Rights and Land Compensation Boards	1,785	2,164	2,525
Natural Resources Conservation Board	1,420	1,600	769
Ministry Support Services	7,605	7,648	11,459
Environment Statutory Programs	7,500	4,016	3,812
Ministry Expense	$ 215,602	$ 300,104	$ 237,932

Table 2

Sustainable Resource Development's Goals

Original Goals	Revised Goals
Goal 1.1 Strengthen the competitiveness of the forest sector. **Goal 1.2** Sustain growth opportunities in the forest resource sector through maximization of opportunity, secondary processing and export of products.	**Goal 2** Enhance the economic, environmental and social contributions of Alberta's forests and forest lands to Albertans
Goal 2.1 Protect Alberta's forests by preventing and suppressing wildfires.	**Goal 1** Protect Alberta's forests and forest communities by preventing and suppressing wildfires.
Goal 2.2 Improve environmental stewardship of public land.	**Goal 4** Enhance the economic, environmental and social contributions of Alberta's rangelands to Albertans. **Goal 5** Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.
Goal 2.3 Promote fish and wildlife conservation.	**Goal 3** Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.

For 2001-02, some goals do not have a robust set of performance measures to report, since the performance management framework for the new ministry was, and continues to be, under development. Figure 2 outlines the framework that will be used to develop measures for each core business. This approach highlights the relationship between desired impact, inputs, core businesses, outputs, and outcomes. The measures discussed in this annual report reflect both the department's new and old understandings of performance accountability.

Figure 2

SRD Performance Management Framework — *linking what we do to why we do it*

Inputs →	Core Business/ Processes →	Outputs →	Outcomes →	Impacts
Knowledge Financial Resources	Forest Protection		Protect Alberta's forests and forest communities by preventing and suppressing wildfires.	The sustained contribution of benefits to Albertans from Alberta's public land and wildlife resources.
	Forest Land & Resource Management		Enhance the economic, environmental and social contribution of Alberta's forests and forest lands to Albertans.	
	Fish & Wildlife Management		Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.	
	Rangeland Management		Enhance the economic, environmental and social contributions of Alberta's rangelands to Albertans.	
	Land Use Disposition Management		Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.	

Client & Stakeholder Feedback

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Client & Stakeholder Feedback

Forest Protection

Goal:

Protect Alberta's forests and forest communities by preventing and suppressing wildfires

SRD works cooperatively with the public, municipalities, industry, and other stakeholders to protect forest communities and the multiple values received from forests within the Forest Protection Area of the province. The department manages this core business through an active risk management approach that focuses on priorities and consists of two components: preparedness and wildfire management. In 2001-02, the department spent $176.3 million on the Forest Protection core business. For 2002-03, this approach will also be augmented by a third component - fire insurance. A wildfire expenditure reinsurance program will help stabilize the Forest Protection budget and cover exceptional costs of fighting wildfires.

Figure 3

Forest Protection Area

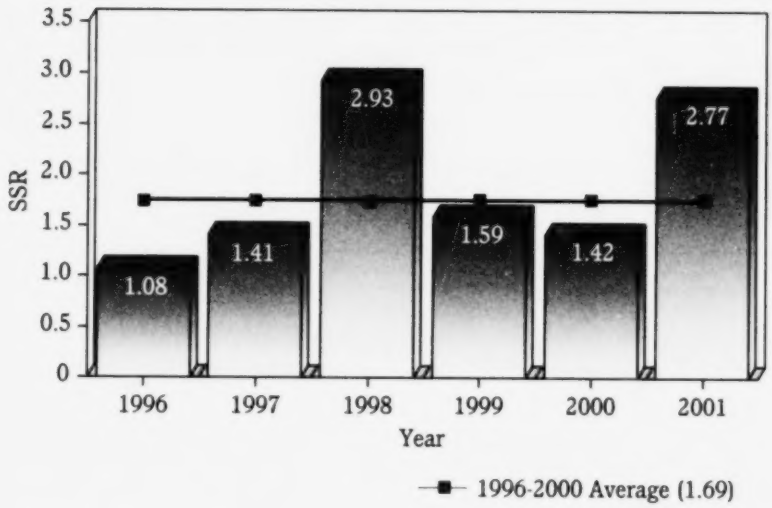
Firefighting Resource Allocation Priorities

1. Protection of human life
2. Protection of communities
3. Protection of sensitive watersheds and soils
4. Protection of natural resources
5. Protection of infrastructure

In 2001, SRD faced many hurdles in meeting its goal of protecting Alberta's forests. Alberta experienced the longest fire season ever recorded, extending two months longer than normal. During the legislated fire season (April through October), 908 wildfires ignited, burning more than 150,000 hectares.[1] An additional 50 wildfires occurred during the extended fire season, burning just over 50 hectares.[2] Using a Seasonal Severity Rating (SSR) to compare fire weather severity, 2001 was more severe than the previous five year average (Figure 4) and the third most severe season since 1981.[3] The area burned significantly increased from 2000 (approximately 14,000 hectares burned), largely as a result of the Chisholm and Dog Rib wildfires.[4] A review of lessons learned from the Chisholm wildfire will help the department improve its wildland-urban interface management during wildfires.

Figure 4

1996-2001
Seasonal Severity Rating (SSR)



Preparedness

An effective wildfire management program centers around preparedness. Preparedness includes activities that assist in:

- prevention
- readiness
- detection
- early response

Preparedness also entails an effective policy framework that supports these activities and the over arching forest protection goal.

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Protect Alberta's forests and forest communities by preventing and suppressing wildfires

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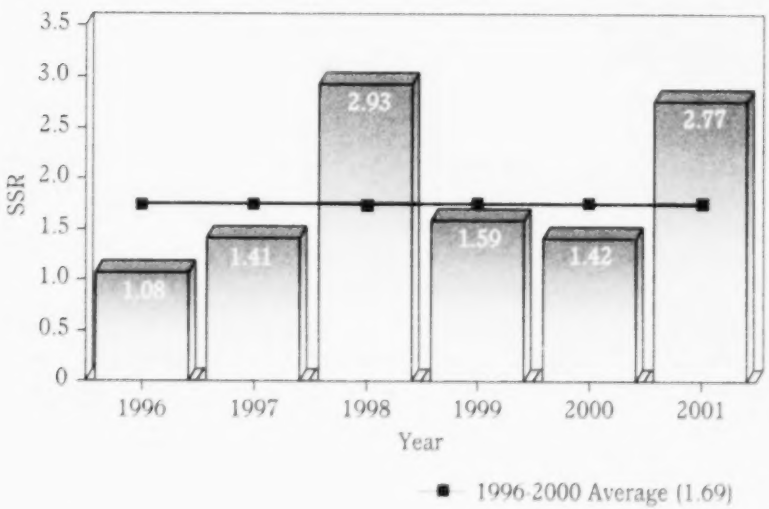

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- prevention
- readiness
- detection
- early response

Preparedness also entails an effective policy framework that supports these activities and the over arching forest protection goal.

Prevention

Prevention is a cornerstone of Alberta's wildfire management system, simply because it is easier and cheaper to prevent a wildfire than to extinguish it.

SRD's FireSmart program plays a major role in the department's prevention efforts. This program helps communities and individual home owners recognize and reduce wildfire-related threats to existing developments, and enables developers of new communities to prevent hazards through better planning to protect homes and forests. In 2001, the department developed the *FireSmart Home Owner's Manual* and video. The material provides Albertans with a checklist of simple preventative steps to reduce the hazards of wildfire. The department distributed nearly 17,000 printed copies of the manual to Albertans.[5] The FireSmart video won a Rosie Award for the Best Motivational Video by the Alberta Motion Picture Industry Association. Both the *FireSmart Home Owner's Manual* and video are available online at http://envweb.env.gov.ab.ca/env/forests/fpd/.

In 2001-02, other key prevention activities included:

- closing about 780,000 hectares of forest and recreational area between Canmore and Waterton Lakes National Park to prevent wildfires and ensure public safety.[6]
- hosting a successful Wildfire Prevention Forum in March 2002 for 120 municipal, county and aboriginal representatives, providing them with information to recognize and reduce wildfire threats to communities and existing infrastructure developments.[7]
- launching the Alberta fire bans webpage (http://alberta.firebans.com/), which was designed to inform Albertans about all current fire bans within the province.
- introducing 1-866-FYI-FIRE, the SRD wildfire information number, to relay timely information about major wildfire events to the public.
- collaborating with municipal districts and counties in developing local *Mutual Aid Fire Control Agreements* and *Fire Control Plans*, designed to clarify roles and responsibilities between the parties as well as to provide mutual training and public education opportunities.

Of the 908 wildfires during the legislated fire season, 44% were human caused and 54% were lightning caused (2% have an unknown cause).[8] Of the 403 human-caused wildfires, 106 were linked to industrial activities and 297 were linked to other human activities (Graph 1). These results have not met the target as set out in the *2001-04 Business Plan*, which was to keep the number of wildfires within the Forest Protection Area from increasing. The lagging performance is attributable in part to the seasonal severity for 2001 (see Figure 4).

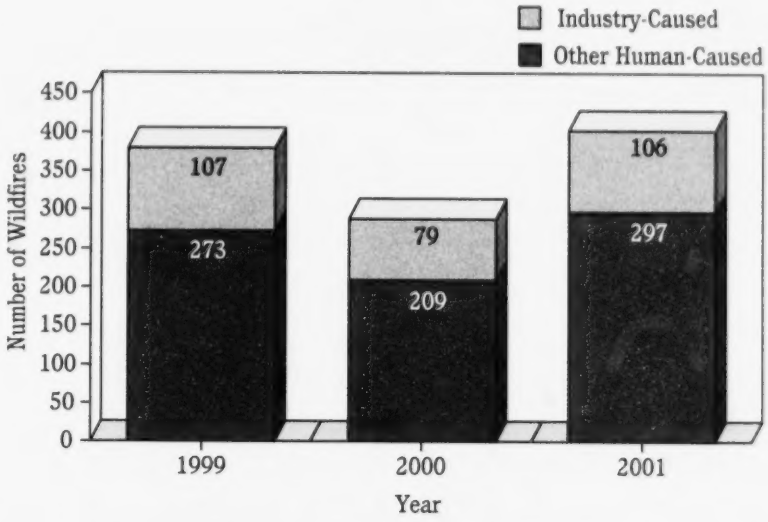
Graph 1

Prevention Measure
Number of Wildfires Within Alberta's Forest Protection Area

Performance Measure

Prevention Target

Keep the number of human caused fires within the Forest Protection Area from increasing; despite population growth and escalating fire start potential.



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

Readiness

Preparedness for wildfires extends beyond prevention and effective policies. Detection, readiness, and early response are also important to overall preparedness. Last year, the department completed a number of initiatives in support of these components. Examples of activities to ensure readiness include:

- providing almost 11,600 person days of wildfire-related training to staff, municipalities and counties to increase their capacity to respond to wildfires.[9] In cooperation with Municipal Affairs, SRD is also developing a Municipal Wildfire Assistance Program.
- hiring Aboriginal people for seasonal work as firefighters, lookout personnel, patrolmen, and native fire guardians. These seasonal employees and more than 40 Aboriginal contracted crews are an important resource in meeting the goal of preventing and suppressing wildfires.[10]

Detection

In the *2001-04 Business Plan*, the department targeted to rapidly detect and promptly report all wildfires occurring within the Forest Protection Area. While the success of detection efforts vary from year to year and by detection method, most wildfires are rapidly detected and promptly reported (Table 3). To increase the likelihood of controlling and extinguishing wildfires, the department attempts to detect wildfires when they are at 0.1 hectares or less in size, based on the premise that wildfires become visible near this size. A five-minute timespan is set to allow lookout personnel sufficient time to

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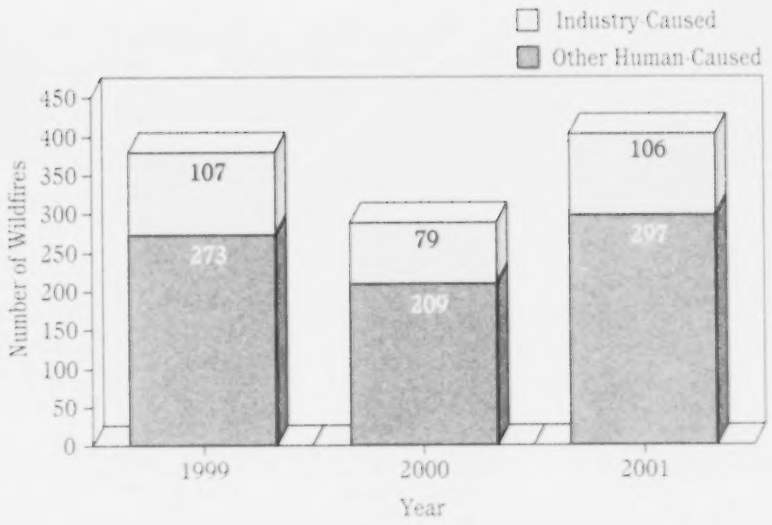

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determine the exact location. Poor visibility is a critical factor in limiting the performance of detection and reporting efforts.

To help in wildfire detection, the department partnered with provincial utility companies to upgrade and enhance the department's lightning detection network. This combined effort is expected to help in the rapid detection of lightning caused wildfires.

Table 3

Detection Measure

Performance Measure

Detection Target

Rapidly detect and promptly report all wildfires occurring within the Forest Protection Area.

		1999	2000	2001
Percentage Of Wildfires Detected At 0.1 Hectares Or Less In Size	By Lookout Towers	65%	83%	85%
	By Air	72%	85%	77%
Percentage Of Detected Wildfires Reported Within 5 Minutes Or Less	By Lookout Towers	90%	88%	90%
	By Air	93%	98%	96%

Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology. Percentages are not additive; they are distinct success rates for each method of detection.

Early Response

Since 1999, the department has consistently improved its performance in responding to wildfires. The department actioned 92% of wildfires at or before they reached two hectares in size (Graph 2). This size is set with the objective of actioning fires before they become too intense and accelerate from a surface fire to a crown fire. This objective is achieved by pre-positioning initial attack resources to areas of high hazard or high wildfire start potential. The department has achieved its target of ensuring timely and effective initial attack strategies to reported wildfires.

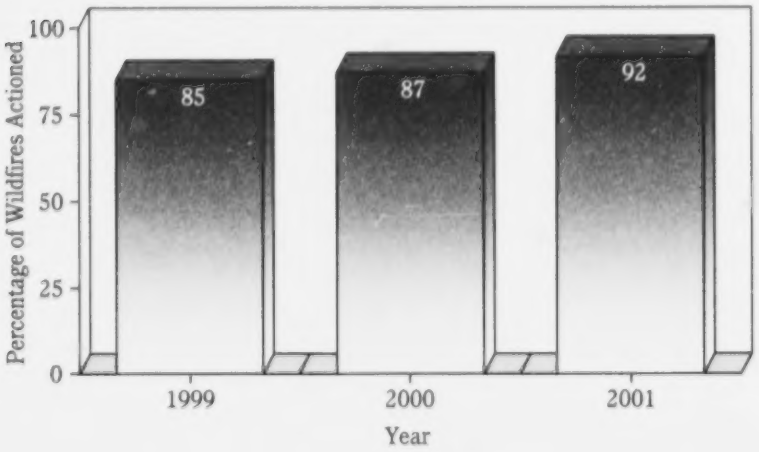
Graph 2

Response Measure
Percentage of Wildfires Actioned At 2.0 Hectares Or Less In Size

Performance Measure

Response Target

Initial attack on all wildfires within Alberta's Forest Protection Area is timely and effective.



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

Wildfire Management

Once wildfires are actioned, the department works towards containing them within the first burning period (see definition in data sources and methodology section). Containment performance has consistently improved since 1999. Performance is measured by containing wildfires at or before they reach four hectares and containing the wildfire during the first burning period. The department is well on its way toward achieving its target of quickly containing all wildfires to minimize fire losses. A review of historical fire data suggests that containment at four hectares or less tends to reduce fire loss and suppression costs. Specifically, firefighting costs have been highly correlated to the number of escaped (e-class) wildfires. Last year, approximately 20 wildfires escaped, including the Chisholm and Dog Rib wildfires, which had significant implications on firefighting costs.[11]

Graph 3

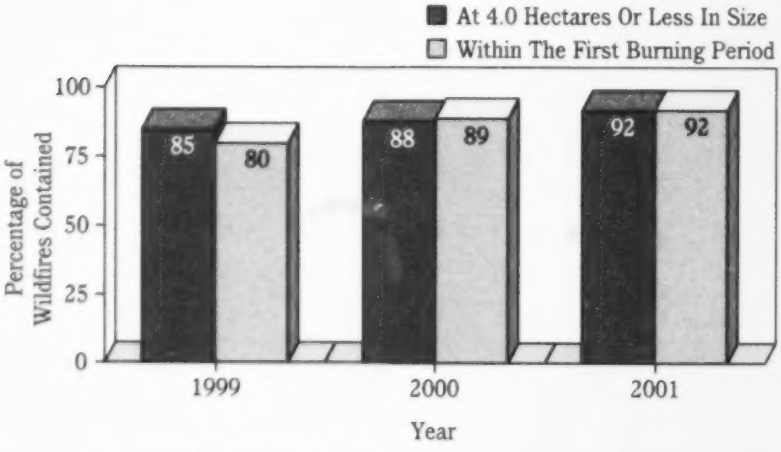
Containment Measure

Percentage of Wildfires Contained Within First Burning Period and At 4.0 Hectares Or Less In Size

Performance Measure

Containment and Suppression Target

Quickly contain escaped wildfires occurring within the Forest Protection Area and minimize fire losses.



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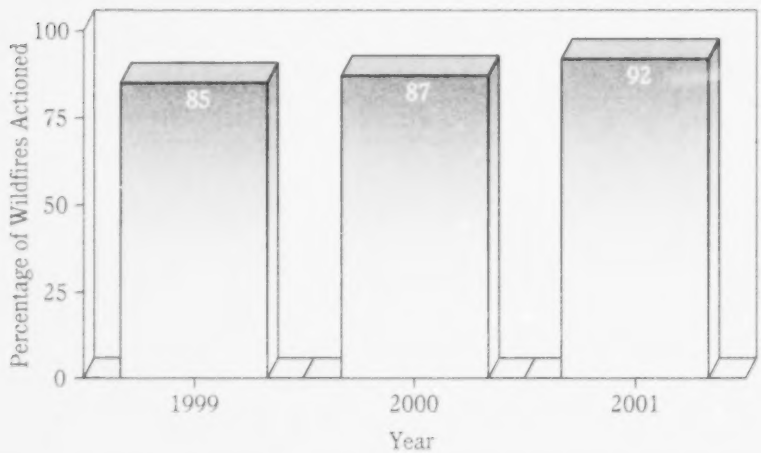

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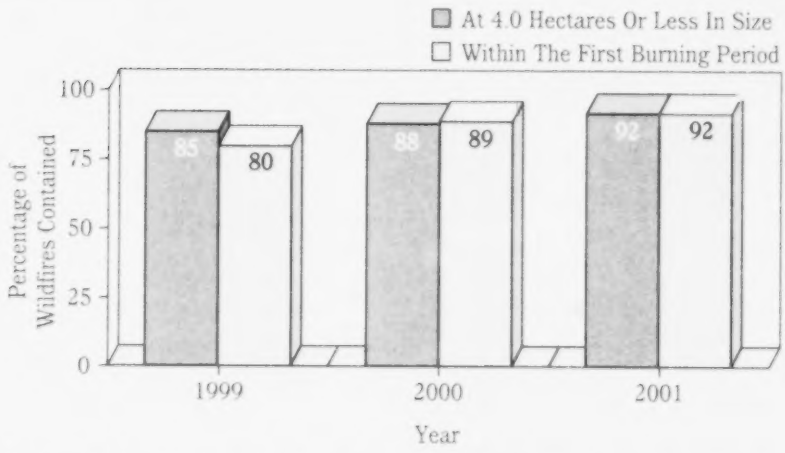

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Forest Land and Resource Management

Goal:

Enhance the economic, environmental and social contributions of Alberta's forests and forest lands to Albertans.

SRD manages Alberta's forests and forest lands to support a full range of uses and values to Albertans, including timber production, wildlife habitat, livestock grazing and recreational uses. The strategic approach used includes a clear, balanced forest policy, legislative, and regulatory framework; sustainable forest management agreements; protection of forest health; and increasing the value of forest products. In 2001-02, the department spent $27.8 million on the Forest Land and Resource Management core business.

The department strives to provide a clear, balanced approach to forest management through a forestry policy, legislative and regulatory framework that maximizes the benefits Albertans receive from forests and forest lands. Some examples of the department's efforts towards this objective include:

- Forming a government/industry panel to update forest management planning manuals and operating guidelines. By March 2003, the panel will finish review of these documents to ensure completeness, public input, and clear guidelines for developing forest management plans.
- Working with industry and stakeholders to ensure awareness and understanding of the policy, legislation and regulations guiding resource management. During 2001-02, the department issued 120 warnings and assessed 87 administrative penalties totaling about $136,000 related to *Forests* and *Public Lands Acts*.[12]
- Completing the review of the *Forest Resource Improvement Regulation*, as part of the government-wide regulatory review process.

The softwood lumber dispute with the United States continues to pose a significant challenge to further progress towards enhancing the benefits Albertans received from forests and forest lands. The department has worked closely with International and Intergovernmental Relations, other provincial governments, the federal government, and Alberta's forest industry to develop litigated and negotiated solutions to this dispute. The outcome of this dispute will influence the long-term strategic vision, direction, strategy and policies for Alberta's forest industry.

The department encourages sustainable forest management through adaptive forest management planning and practices. Adaptive planning and practices are reflected in:

- the approvals process for timber harvest and reforestation plans. In 2001-02, operating standards were negotiated with major forest companies, such as Millar Western Forest Products Limited, ANC Timber Limited, Weyerhauser Limited (Edson), and Blue Ridge Lumber Incorporated. A Premier's Award of Excellence was awarded to a department team for their efforts in designing improved operating standards, superior client service and enhanced business practices.
- the negotiation and conclusion of forest management agreements. In 2001-02, the department concluded agreements with Spray Lake Sawmills, Manning Diversified Forest Products, Millar Western Forest Products Ltd. and Tolko Forest Industries/Buchanan Lumber.

While encouraging sustainable forest management practices, the department also monitors progress towards timber sustainability. The timber sustainability performance measure compares timber harvest to long-term sustainable annual allowable cut (AAC) set by the province within the Green Area (unsettled portion of the province). To ensure sustainability, harvest levels should not exceed AACs. In the *2001-04 Business Plan*, the department identified a target of reducing the gap between the harvest and annual allowable cut. The 2000-01 results suggest that the gap has not changed. While the timber harvest in Alberta has been gradually increasing, it remains below the AAC. Fluctuations in total harvest volume from year to year reflect trends in the lumber and pulp markets.

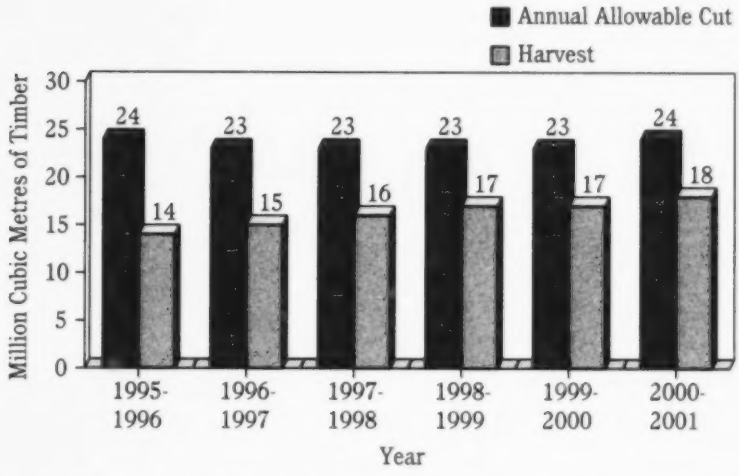
Graph 4

Timber Sustainability

Performance Measure

Timber Sustainability Target

To reduce the gap between the timber harvest and annual allowable cut.



Note: There is a one-year delay in the reporting of this data. The method of reporting timber sustainability has changed since its appearance in the *2001-04 Business Plan*. Timber sustainability is reported as a five-year rolling average, rather than an annual average. This change ensures consistency in reporting of this measure between the Ministry annual report and *Measuring Up*, the Government of Alberta's annual report. In addition, a five-year rolling average better reflects how harvest volumes are regulated. For further details, see the section on data sources and methodology.

SRD protects Alberta's forests from insect, disease and weed pests through effective detection and management strategies that recognize shared responsibility with industry, municipal and federal governments. Current challenges to forest health include the mountain pine beetle and the spruce budworm. In response, the department finalized the *Mountain Pine Beetle Control Strategy* and continues to monitor for signs of spruce budworm outbreaks. In addition, several posters and pamphlets were produced to increase forest health awareness among the forest industry and the public.

Increase the value of forest products from Alberta's forest resource through:

- unleashing innovation;
- competing in the global marketplace;
- leading in learning; and
- strengthening Alberta's economy.

The department's efforts to increase the value of forest products produced from Alberta's forest resources supports the Government of Alberta's *Economic Development Strategy*. Examples of the department's efforts in support of this government strategy include:

- working with Alberta Economic Development (AED) to study opportunities for the development of the value-added forestry sectors.
- initiating work with the Secondary Manufacturers Advisory Committee to develop a blueprint for growing these sectors, using the results of AED's study of value stream mapping of Alberta's forest industry.
- assessing opportunities to re-engineer Alberta's forest tenures to drive value-added industry development.
- providing support for the development of the Alberta Forest Research Institute and work of the FORINTEK Technical Advisory Committees. These organizations are expected to contribute towards the creation of innovative solutions to reduce development costs in the forestry sector.
- working with the Alberta Forest Products Association (AFPA) to facilitate market access for Alberta's forest products in China.
- allocating timber rights to Aboriginal groups. Some First Nations are optimizing these opportunities by signing volume supply agreements with forest companies and, in the case of the Janvier First Nation, by partnering with Northlands Forest Products to operate a training program for timber harvesting operations. This effort also supports the objectives of the Government of Alberta's *Aboriginal Policy Initiative* (API).
- working with the AFPA to produce an economic sector overview that provides provincial and regional information about the contribution of forestry in the province.

Fish and Wildlife Management

Goal:

Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.

SRD manages provincial fish and wildlife resources to preserve their intrinsic value to the environment and their recreational and economic importance to Albertans. The strategic approach includes providing a clear, balanced policy, legislative and regulatory framework; making allocation and licensing decisions according to the priorities for conservation, subsistence (Aboriginal uses), recreation, and commercial activities; promoting public safety in human-wildlife encounters; and developing updated management plans for species at risk and all big game species. This fiscal year, the department spent about $39.2 million on the Fish and Wildlife Management core business.

As an example of policy changes to reflect balance and clarity, in 2001-02 the department developed a strategy to encourage sustainable fisheries. The elements of this strategy include improving:

- the viability of the commercial fishing industry;
- habitat maintenance and restoration;
- the fish stocking system; and
- management information.

This strategy will drive the department's work in managing fish resources for the next five years. In addition, the department provides advice on habitat conservation to industry and the public through a variety of programs designed to maintain fish and wildlife habitat. For example, the department published *Recommended Wildlife Land Use Guidelines* (http://www3.gov.ab.ca/srd/fw/landuse/). Another example is the support provided to the Cows and Fish program (former Emerald Award recipient), which is described on pages 33-34.

The department engages in other activities to support clear, balanced approaches to fish and wildlife management, such as:

- facilitating regional meetings throughout Alberta allowing stakeholders the opportunity to provide input into regulatory changes and other activities related to wildlife management and the hunting season;
- completing Fisheries Regulation (reduction of certain fees) and Wildlife Regulation reviews. These regulatory reviews are two of three regulatory initiatives completed during this fiscal year. As part of the government-wide regulatory review process, SRD is targeting to complete reviews of 13 of its 32 regulations (excluding exempted regulations).
- expanding the department's website to provide regular updates on the province's wildlife and fish resources and regulations. As well, SRD added a fish identification web page to help anglers identify and differentiate various fish species (http://www3.gov.ab.ca/srd/fw/fishing/FishID.com); and
- checking almost 116,000 persons and responding to 3,700 complaints of illegal activities related to fish, wildlife, and related regulations.[13] The compliance rate was more than 95%; more than 7,400 enforcement actions were pursued.[14] Two major investigations were concluded, Tamarack and Pisces, to identify illegal activities and apprehend those responsible.

The department aims to sustain Albertans' recreational enjoyment of fish and wildlife resources, through appropriate allocation and licensing decisions. Hunters purchased over 420,000 hunting licences last year, generating approximately $9 million in revenue.[15] About 230,000 licensed anglers and an estimated 146,500 additional anglers (those under the age of 16 and seniors) enjoy the recreational value of sportfishing each year.[16] About half of the revenues generated from licensing are reinvested in habitat and management enhancement programs.[17]

To support Albertans' enjoyment of wildlife resources, the department mitigates and reduces negative interactions between wildlife and humans. Effective emergency responses and public education has kept the number of wildlife attacks on humans low (10 in 2001-02) and minimized agricultural losses.[18] In 2001-02, the department responded to 11,555 public complaints related to wildlife, including almost 1,700 incidents involving direct human conflict (primarily bears in inhabited areas) and about 1,300 incidents involving damage to crops or livestock.[19]

The species at risk measure provides an indirect measure of the effectiveness and appropriateness of allocation and licensing decisions. In August, the department released *The General Status of Alberta Wild Species (2000)*, a comprehensive status review of 800 species. The report sets the stage for wild species management and protection for the next five years. The results were reported in Alberta Environment's *2000-2001 Annual Report*. New data will not be available until 2005.

Table 3

Species at Risk

	1996	2000
Percentage of Species at Risk	2.00%	1.44%

Note: The 1996 and 2000 species at risk results cannot be compared, as a different standard is used for status determination and a far greater number of species were assessed (800 species) in Alberta. For further details, see the section on data sources and methodology.

Performance Measure

Species At Risk Target

To keep the percentage of species at risk below five percent.

The department maintains up-to-date management plans for all game species and species at risk. Management strategies are in place for all big game species. In 2001-02, the Alberta Endangered Species Conservation Committee (AESCC) worked with the department to assess seven species: trumpeter swan, western spiderwort, whooping crane, harlequin duck, ferruginous hawk, grizzly bear and bull trout.[20] As a result of this assessment:

- Trumpeter swans, western spiderworts and grizzly bears were assessed as threatened. Recovery teams will be established for these species.
- Whooping cranes were confirmed as endangered and recovery activities are continuing under the leadership of the Government of Canada.
- Ferruginous hawks will continue to be listed as threatened, but will undergo further monitoring and assessment before this status is confirmed.
- Harlequin ducks and bull trout were assessed as 'species of special concern' and the department will initiate management plans to address the needs of these species.

These efforts will help guarantee the diversity of Alberta's fish and wildlife resources for future generations of Albertans.

Rangeland Management

Goal:

Enhance the economic, environmental and social contributions of Alberta's rangelands to Albertans.

SRD manages Alberta public rangelands to support a full range of uses and values that include livestock grazing, recreational use, and wildlife habitat. The strategic approach used includes providing clear, balanced policies, legislation, and regulations ensuring sustainable resource use by Alberta's livestock industry and managing rangelands to support multiple uses. In 2001-02, the department spent $10.7 million on the Rangeland Management core business.

In 2001-02, the department concentrated on numerous information technology initiatives to provide management information in support of policy, legislation, and regulation development as well as sustainable rangeland management practices. For example:

- Ongoing development of the Geographic Land Information Management and Planning System (GLIMPS) provides a common platform and database for land management activities and reporting as well as integrated Geographic Information System (GIS) functionality.
- Land managers use personal digital assistants (PDA) and an electronic database to record information obtained as part of the *Range Health Assessment Method and Scorecard*. This methodology and scorecard provide a more comprehensive picture of rangeland health by assessing the overall integrity of ecological processes, including the function of riparian areas.

Rangeland Management Objective

To allocate rangeland use based on sound ecological principles and practices.

The department strives to provide Alberta's livestock industry with long-term access to public rangeland. In 2001, the drought in southern Alberta posed challenges to maintaining access and retaining the quality of rangelands. Responding to this challenge, the department

- used a benchmark research network of 30 sites in southern Alberta to measure rangeland quality.[21] Land managers used this information to educate disposition holders about the effects of grazing under drought conditions on native prairie, and
- facilitated water use registration on public rangelands.

The effects of the drought conditions were evident in grazing capacity utilization rates. Last year, SRD audited more than 500 of more than 5,500 grazing leases issued on public lands to ensure that actual use did not exceed the established carrying capacity.[22] On average, disposition holders used 74% of the allocated grazing capacity in 2001-02, which is lower than in previous years due to drought conditions on public rangelands.[23] The reduced grazing levels demonstrate the ranchers' good stewardship practices.

SRD manages public rangelands to support the co-existence of multiple uses and resource values. For example, the department works with Alberta Agriculture, Food and Rural Development; Alberta Environment; federal agencies; and key stakeholder organizations (e.g., cattle producers and conservation organizations) to foster a better understanding of how improvements in grazing management in riparian areas can enhance fish and

wildlife habitat, landscape health, and range productivity. The department's support of the Cows and Fish program involved:

- facilitating the distribution of program materials throughout the province, Canada and the United States;
- conducting numerous public presentations, workshops, and tours, including cattle producers and conservation groups - on the program, range health assessment, and riparian health assessment:
- assisting program staff with the production of 13 fact sheets on riparian processes and functions, riparian health assessment, and community based strategies to deal with riparian issues;[24] and
- producing the third edition of *Caring for the Green Zone - Riparian Areas and Grazing Management*.

Another example of the department's work to ensure good rangeland stewardship practices was the systematic inspection of the condition of almost 1,600 oil and gas leases on public rangelands.[25] These leases had been issued on public rangelands over the past 5 years. Most of the sites had no or only minor problems, while 8.5% had moderate reclamation issues and about 1.4% of the sites had serious reclamation issues.[26] The department directed the responsible companies to correct reclamation deficiencies.

Land Use Disposition Management

Goal:

Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.

To ensure the balanced use and stewardship of Alberta's public lands, SRD's strategic approach includes:

- a clear, balanced land management policy, legislative and regulatory framework;
- a focus on sustainable land use practices through integrated land use planning by government and industry; and
- a responsive disposition management system that ensures dispositions include appropriate and relevant conditions.

The department worked in collaboration with other ministries and key stakeholders to ensure that all benefits from public lands are recognized in policy, legislative, and regulatory decision-making processes. In 2001-02, the department spent approximately $30.7 million on the Land Use Disposition Management core business. During this same period, the province received over $45 million in revenue generated from disposition rentals.

The department encouraged sustainable land use by, for example:

- initiating an Access Management Plan along the Eastern Slopes (Bighorn area) to balance the demand for public recreational access with the need to protect and conserve the valuable wildlife, water, and landscapes of the area. The final plan for this area will be completed during the 2002-03 fiscal year.

- continuing to participate in the review and approval of major expansion proposals, balancing needs for development, conservation, and protection of public resources. Examples include energy, oil and gas companies search for non-conventional sources of energy in the North East Region of Alberta.
- reviewing over 1,650 subdivision development proposals located adjacent to or in close proximity to waterbodies to mitigate development impacts on critical riparian resources.[27]
- ensuring the reclamation of former industrial sites. Last year, about 2,000 letters of clearance or reclamation certificates were issued.[28]

The current pace of applications and approvals is an ongoing challenge for the department's disposition management. In 2001-02, the department approved approximately 11,600 applications for pipelines as well as oil and gas wells on public lands.[29] Each approval included criteria to minimize the industrial footprint on the environment. To facilitate the application process, the department:

- completed comprehensive reviews of selected areas to develop area operating agreements in advance of disposition applications.
- continued to develop an innovative software program (ADEPT) to facilitate the digital and spatial processing of public land disposition allocations. The ADEPT system is now capable of accepting geophysical applications electronically and beginning July 2002 electronic submissions will be mandatory. The department is working on a similar program for industrial and commercial applications.

These initiatives improve the timeliness and efficiency of disposition management.

The average turnaround time on applications is used to measure the department's timeliness in disposition management. Last year, the department completed industrial disposition approvals in an average of 20 days and geophysical approvals in an average of seven days.[30]

Data Sources and Methodology

Goal 1: Forest Protection Measures

The particulars of each incident are reported to Wildfire Protection Area (WPA) fire centres. Data entry is based on the information collected on a number of internal forms completed by initial attack and suppression personnel, lookout personnel, patrolmen, dispatchers, and other personnel. The data is entered and stored in the Fire Information Resource Evaluation system (FIRES) at both the entry source and by the Provincial Forest Fire Centre (PFFC). While data is collected and entered on a year-round basis, results reported in the annual report are limited to wildfires assessed during the legislated fire season (April 1 to October 31) to allow for comparability from year-to-year.

Prevention

The wildfire's cause is initially classified into human or lightning causes. The human-caused category is then subdivided into:

- Industry-caused wildfires: This classification includes wildfires caused by activities of the forest industry, railway, and other industries (e.g., mining, oil and gas, commercial tourism, and utility).
- Other human-caused: This classification includes incendiary (wilfully caused wildfires), recreation, residents, and other miscellaneous human causes.

Detection

Reports of wildfires are made from the public to 427-FIRE, local WPA fire centres, unplanned air patrols (commercial or charter companies on private work), ground patrols, lookout personnel (132 towers in Alberta), and planned air patrols. Data reported and entered into FIRES includes the discovery agent, discovered date and time, reported date and time, and discovered size.

The objective is to discover wildfires while they are at their smallest, as there is a higher probability of controlling and extinguishing them when small. The underlying assumptions include that all fires start from a single spot and that by the time they reach approximately 0.1 hectares in size smoke will be visible. Fires can be measured a number of ways - optical estimates, compass and topofil (measuring string box), and Global Positioning System. Visibility and time of ignition affect detection results. For example, if the wildfire ignites and reaches 0.1 hectares during nighttime, smoke columns will not be detected.

Detection results compare the number of wildfires detected by SRD's lookout and air patrols at 0.1 hectares in size or less and reported by SRD's lookout and air patrols within five minutes of detection, against all wildfires recorded during the same time period.

Detection and reporting efforts of SRD's ground patrols have not been included, as they are an infrequent method of detection and reporting (i.e., in 2001, less than two percent of detection and reporting events were associated with ground patrols).

Response

The Spatial Fire Management System (SFMS) is a computer-decision model of maps and reports that takes into account forest fuels, topography, and fire weather to calculate initial attack and support resource deployment. For pre-suppression preparedness, SFMS is used to run various wildfire behaviour, coverage and deployment scenarios to determine the best option for the initial attack.

The probability of controlling the spread of a wildfire is greater if suppression forces are able to action wildfires (initiate an attack strategy) prior to them reaching two hectares in size. Fires can be measured a number of ways - optical estimates, compass and topofil (measuring string box), and Global Positioning System. This objective is accomplished by pre-positioning initial attack resources to high hazard areas, or areas with a high potential for new wildfire starts.

Response results compare the number of wildfires whose initial firefighting began at two hectares in size or less, against all wildfires recorded during the same time period.

Containment

The aggressiveness and cost-effectiveness of wildfire containment and suppression is measured by the firefighter's ability to contain the wildfire at four hectares or less, and by 10 a.m. of the following day. The rationale behind the size measurement is that as a wildfire grows, there is a substantial increase in the intensity of the fire behaviour and resistance to control. Fires can be measured a number of ways - optical estimates, compass and topofil (measuring string box), and Global Positioning System. A review of historical wildfire data has shown that if a wildfire has been contained (either being held or under control) at four hectares or less, there is a greater possibility of both a reduction in loss and in suppression costs.

Wildfires generally start between noon and early evening (termed the "burning period"), the portion of the day where temperatures are at their highest and relative humidity is its lowest. During the evening and overnight periods, temperatures tend to decrease and the relative humidity tends to increase, giving firefighters an increased opportunity to contain the wildfire by 10 a.m. of the following day.

Containment size or burning period results compare wildfires that have a "being held" or "under control" status before reaching four hectares or less in size or before 10 a.m. the following day, respectively, against all wildfires recorded during the same time period. These measures are mutually exclusive, they are two different and distinct methods to measure fire containment progress. Therefore, any fire that meets the specified criteria is included in the respective measure, regardless of its status in the other measure.

In a small number of cases, a wildfire's containment status may change. These status changes are not included as part of the performance measure.

Goal 2: Timber Sustainability

Timber sustainability compares the annual timber harvest with the long-term sustainable annual allowable cut (AAC) set by the province within the Green Area (lands not available for agricultural development other than grazing).

The AAC is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area with recreation areas, wildlife reserves, and stream buffers excluded from the calculation. It is determined on either an individual forest management unit or specific forest management agreement (FMA) area basis. Forest management strategies take into account other forest uses outside of timber production.

Each AAC considers such factors as forest inventory, growth rates, changes to reserved areas, regeneration success, natural mortality, and the impact of fire and insects/disease. The volume of timber determined to be available for harvest in Alberta is based on what the forest will grow and supply on a sustainable basis, rather than the size of the industry.

Data from the Timber Production Reporting System is used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest level because it does not contribute to AAC.

Yearly harvest levels may be greater than AAC, but harvest levels cumulated over the five-year period (sum of harvest over a five-year period) should not exceed the AAC within each planning area (expressed as five times the planning area AAC).

All Alberta timber dispositions greater than one year in term are balanced over five-year periods. In the case of coniferous quotas (28 per cent of Green Area conifer AAC), these five-year periods are called quadrants. Quota holders have the flexibility to harvest any or all of their quadrant allowable cut (five years times their annual allotment) in any one-year or combination of years within that quadrant.

Similarly, FMA holders, who make up 66% of Green Area conifer AAC, utilize five-year cut control periods. As a result of the flexibility allowed to quota and FMA holders, harvest levels and AAC are compared on a five-year rolling average basis.

Comparative data may change between reporting years primarily as a result of production audits that are carried out at the conclusion of each five-year planning period. There is a one-year delay in the reporting of this data; the reported AAC for 2000-01 represents the approved AAC upon conclusion of the fiscal year (April 2001). In some cases, revisions are made to the approved AAC in previous years, but these revisions have not been reflected in the published results.

Goal 3: Species at Risk

Under the 1996 *Accord for the Protections of Species at Risk in Canada*, Alberta has agreed to use the national protocol and definitions for determining the status of all wild species. SRD reports provincially and nationally on the status of wild species every five years starting in 2000, and the results were summarized in the first national report, *Wild Species 2000: The General Status of Species in Canada*, released in spring 2001.

The *Wild Species 2000* report was developed under the auspices of the Canadian Endangered Species Conservation Council, created in 1997 under the *Accord for the Protection of Species at Risk (1996)* and *Framework for the Conservation of Species at Risk in Canada (1996)*.

Information is gathered on each species and used to rate seven key criteria to arrive at an assessment of extinction/extirpation risk. The criteria used include: population size, number of occurrences, distribution, population trend, distribution trend, threats to population, and threats to habitat. Each criterion is rated on a scale from A to D, with A of the greatest concern and D the least. After reviewing the ranks, the species is assigned to a status category: Extirpated/Extinct, At Risk, May Be At Risk, Sensitive, Secure, Undetermined, Not Assessed, Exotic, or Accidental/Vagrant.

Species "at risk" in Alberta are assessed by the Alberta Endangered Species Conservation Committee. The Committee forwards recommended species recovery plans to the Minister and these recommendations provide the basis for conservation action for all species concerned.

SRD is responsible for all Alberta status determinations and for supplying the lists used in the national report. The Alberta lists for the taxonomic groups (reptiles, amphibians, birds, mammals, freshwater fish, butterflies, ferns, and orchids) in *Wild Species 2000* was published with three new groups (butterflies, ferns, and orchids), greater background information, and more detail in the provincial status report which was released in July 2001.

Endnotes

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Part 2

Natural Resources Conservation Board Core Businesses, Goals and Measures

Core Business: Review of Major Natural Resource Projects

The NRCB reviewed two projects during 2001-02. One of these was the joint NRCB-Energy and Utilities Board (EUB) review of a proposed 80-megawatt run-of-river hydroelectric plant on the Peace River near Dunvegan. The NRCB-EUB review panel held a pre-hearing conference in Fairview in June and commenced the hearing in October. However, the applicant asked that the hearing be adjourned to June 2002 so that it could address some outstanding issues. Based on requests by other interested parties, this hearing has now been rescheduled for October 2002.

The other project was the joint NRCB-Canadian Environmental Assessment Agency (CEAA) review of the Highwood Storage and Diversion Plan. The joint review panel held public meetings in High River in June and in Okotoks in December so that the applicant, Alberta Transportation, could describe progress toward developing its application and Alberta Environment could provide an update on the Highwood Management Plan. The application is currently expected by November 2002.

The key performance objectives contained in the NRCB's *2001-2004 Business Plan* focused on actions that would guarantee the expediency and efficiency of the board's review. In terms of NRCB performance:

- All submissions were made available to the public within the target of five working days before a hearing.
- Eighty six per cent of public enquiries were replied to within the required four working days.
- All hearing submissions were reviewed within 40 working days.
- The NRCB issued two progress reports and one pre-hearing report within the targeted timeframe of 80 working days from the close of the hearing or meeting.
- Work on developing procedures for identifying and resolving issues prior to the opening of a hearing was deferred so that the board could determine how appropriate dispute resolution (ADR) and mediation could best be employed to also address issues associated with livestock development.
- As part of its efforts to determine whether terms and conditions of past board decisions were being met, the NRCB undertook an extensive review of the conditions of its Three Sisters Decision Report 9103 (a recreational and tourism project in Canmore).

In 2001-02, another of the NRCB goals was to conduct a 10-year review of its mandate to determine whether its role remained appropriate and to identify new areas where it could contribute to government, industry and the public. The government's decision to have the NRCB regulate the livestock industry supported this goal. Other activities for the period included:

- A public advisory committee was established in February 2002 to provide advice and guidance with respect to the NRCB's effectiveness and direction.
- The NRCB and EUB continued their shared services arrangement. The NRCB provided shared services to the EUB in the form of technical support in EUB reviews of the Rossdale Power Plant, the Fort Hills Oil Sands Project, the Grande Cache Coal Project and other projects in the amount of $107,057. The EUB reciprocated by providing technical expertise, human resources and communications support for a cost savings to the NRCB of $38,479.
- Work on the NRCB's review of the triggers for a public review was deferred so that staff resources could focus on its new core business related to CFOs.

Core Business: Regulation of Livestock (CFOs)

Following the July 2001 announcement that the NRCB would assume responsibility for regulating livestock, Board staff refocused their work priorities and collaborated with Alberta Agriculture, Food and Rural Development to develop the legislation and regulations needed to support the board's new mandate. This was accomplished in four months. In addition, the NRCB worked with various other ministries to establish one-window applications and compliance processes that would allow livestock operators to deal with a single agency, rather than multiple departments. Four regional offices were established, additional staff were acquired through secondments and new positions, and new systems for recording and tracking applications and livestock complaints were established.

The NRCB began accepting applications for CFOs and investigating complaints on January 1, 2002. By March 31, 2002 the board had received 104 complaints involving 73 operations. NRCB staff did inspections at 45 of these facilities and issued two enforcement orders. Additional follow-up was planned on 33 complaints. Nearly 70 per cent of the complaints related to either concerns about water quality or odour. During the same period, the board received 28 applications, half of which were for approvals. Three of these applications were deemed complete prior to March 31 and one decision was issued.

Summary

In 2001-02 the mandate of the NRCB was significantly expanded to include the regulation of the livestock industry. As a result, the board's energy was largely devoted to establishing the legislation and administrative processes required to be fully operational on January 1, 2002. By the end of the fiscal year the NRCB had expanded from one office to six; its staff complement increased from seven to 29; the number of applications being reviewed increased from two to 30; and it investigated 78 complaints related to livestock. Although this change in mandate meant the board significantly deviated from its existing business plan, it was still able to meet its key performance targets related to the efficient and effective delivery of reviews of major projects under its original mandate.

Financial Information

Results of Ministry Operations

The Ministry consolidated revenues in 2001-2002 were $128.8 million, which is a decrease of $11.5 million from 2000-2001 actuals. The Ministry consolidated expenses were $298.9 million, up $64.3 million from 2000-2001 actuals. The total Ministry operations resulted in a net operating loss of $170.0 million compared with a net operating loss in 2000-2001 of $95.6 million.

Ministry Revenues

Timber Royalties and Fees, providing $64.2 million, was the largest source of revenue for the Ministry. Land and Grazing and other fees provided $52.8 million. The federal government contributed $3.1 million through transfer payments. Various other sources of revenue earned $5.7 million, and investment income provided $3.0 million in revenue.

Ministry Revenue - Comparison of 2001-2002 Actuals to 2001-2002 Budget

Revenue was $20.5 million lower than budgeted as a result of the following:

- $25.3 million decrease in Timber Royalties and Fees,
- $3.0 million increase in Investment Income,
- $1.2 million decrease in Other Fees, Permits and Licences,
- $0.8 million decrease in various Other Revenue,
- $8.3 million increase in Land and Grazing fees, and
- $1.5 million increase in Transfers from Government of Canada.

Ministry Revenue - Comparison of 2001-2002 Actuals to 2000-2001 Actuals

Revenue was decreased by $11.5 million from the previous year due to the following:

- $8.1 million decrease in Timber Royalties and Fees,
- $4.3 million decrease in Transfers from Government of Canada,
- $2.1 million decrease in Investment Income,
- $1.0 million decrease in revenue from other fees, permits and licences,
- $0.5 million decrease in Various Other Revenue, and
- $4.5 million increase in Land and Grazing revenue.

Ministry Expenses

Comparison of 2001-2002 Actuals to 2001-2002 Budget

Expenses were $84.3 million more than budgeted.

- The Natural Resources Emergency Program incurred additional expenditures of $103.1 million.
- Forest Management and Forest Protection had a combined surplus of $6.8 million.
- There was a $3.7 million surplus relating to nominal sum disposals.
- Forest Industry Development required an additional $1.9 million.
- Client and Licensing Services spent $7.6 million less than budget.
- Land Administration spent an additional $1.5 million.
- Environment Statutory Programs had a surplus of $3.5 million.
- Various other Programs reduced expenditures by $0.6 million.

Comparison of 2001-2002 Actuals to 2000-2001 Actuals

Expenses were more than last year by $64.3 million.

- The Natural Resources Emergency Program spent $60.4 million less than last year.
- Land Administration incurred more expenses in the amount of $6.4 million.
- Forest Management costs were reduced from last year in the amount of $7.6 million.
- Forest Industry Development spent and additional $3.5 million over last year.
- Forest Protection spent $1.2 million more that last year.
- Client and Licensing Services had $2.2 million in additional expenses over last year.
- Resource Data and Business Sustaining Services lowered expenses by a combined total of $3.1 million.
- Amortization of Capital Assets was $2.3 million higher that the previous year.
- Other programs lowered expenses by $1.0 million.

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development as at March 31, 2002 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Capitalization of Assets

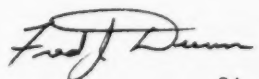
Capital asset purchases under $15,000 in the Ministry have been expensed in the year acquired and have not been recognized as an asset in the accompanying consolidated statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the consolidated statement of operations. In addition, while the Department of Sustainable Resource Development calculates its capital asset purchases under $15,000, the Environmental Protection and Enhancement Fund does not separately identify such capital purchases. In my opinion, an amount estimated to be at least $17 million, representing the net book value of the Department's assets as at March 31, 2002, should be recognized in these financial statements. The amount of adjustment related to the Fund cannot reasonably be determined. Also, the effect of these understatements of assets on expenses cannot reasonably be determined.

Consumable Inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying consolidated statement of financial position. The value of consumable inventory not recorded at March 31, 2002 is estimated to be at least $4 million. As a result, net assets are understated by the same amount.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

I also report that certain provisions and expenses recognized in these consolidated financial statements are also disclosed in the financial statements of the Ministry of Environment. The two provisions on the consolidated statement of financial position, described in Notes 7 and 8 of these financial statements, and the environment statutory programs recorded on the consolidated statement of operations relate to monitoring and restoration activities at the Swan Hills waste treatment plant. Due to government restructuring in March 2001, the responsibility for these provisions and expenses is shared. As a result, the expenses related to these provisions are recognized in both the Ministries of Environment and Sustainable Resource Development. In my opinion, it is uncertain in which ministry's financial statements these provisions and expenses should be recognized. The government intends to resolve this uncertainty in the coming year.



CA
Auditor General

Edmonton, Alberta
May 23, 2002

M121

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Ministry of Sustainable Resource Development

Consolidated Statement of Operations

Year ended March 31, 2002
(in thousands)

	2002 Budget	2002 Actual	2001 Actual
Revenues			
Transfer from the Government of Canada	$ 1,614	$ 3,089	$ 7,425
Investment Income	5,939	2,980	5,031
Fees, Permits and Licences			
Timber Royalties and Fees	89,560	64,233	72,313
Land and Grazing	38,300	46,611	42,081
Other	7,467	6,202	7,252
Other Revenue	6,430	5,680	6,166
	149,310	128,795	140,268
Expenses (Schedule 1)			
Business Sustaining Services	6,523	6,395	8,099
Client and Licensing Services	19,901	12,335	10,145
Enforcement Field Services	13,594	14,556	14,067
Fisheries and Wildlife Management	12,440	11,945	12,228
Forest Management	27,156	21,552	29,181
Forest Industry Development	2,682	4,604	1,072
Public Lands Management	11,250	10,345	10,172
Land Administration	19,689	21,206	14,780
Resource Data	8,771	8,388	9,792
Forest Protection	55,400	54,221	55,462
Fire Reclamation	4,000	4,000	4,000
Surface Rights and Land Compensation Board	1,785	2,164	2,525
Environment Statutory Programs	7,500	4,016	3,812
Natural Resources Emergency Program	12,580	115,638	55,201
Natural Resources Conservation Board	1,370	1,568	741
Amortization of Capital Assets	5,906	5,652	3,310
Nominal Sum Disposals	4,000	310	-
	214,547	298,895	234,587
Valuation Adjustments			
Provision for Doubtful Accounts	1,055	224	1,567
Provision for Vacation Pay	-	985	1,778
	1,055	1,209	3,345
Total Expenses	215,602	300,104	237,932
Gain on Disposal of Capital Assets	(2,320)	(768)	(2,098)
Net Operating Results	$ (63,972)	$ (170,541)	$ (95,566)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Operations
Year ended March 31, 2002
(in thousands)

	2002 Budget	2002 Actual	2001 Actual
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Valuation Adjustments			
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Net Operating Results	$ (63,972)	$ (170,541)	$ (95,566)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
ASSETS		
Cash (Note 4)	$ 184,174	$ 126,772
Accounts Receivable (Note 5)	24,815	46,489
Inventories	2,191	-
Advances	71	109
Capital Assets (Note 6)	145,986	130,629
	$ 357,237	$ 303,999
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 31,328	$ 32,251
Unearned Revenue	32,821	31,906
Provision for Cell Monitoring and Remediation (Note 7)	996	996
Provision for Future Removal and Site Restoration (Note 8)	12,250	11,625
	77,395	76,778
NET ASSETS		
Net Assets at Beginning of Year	227,221	178,458
Net Operating Results	(170,541)	(95,566)
Net Transfer from General Revenues	223,162	144,329
Net Assets at End of Year	279,842	227,221
	$ 357,237	$ 303,999

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	$ (170,541)	$ (95,566)
Non-cash Items		
Amortization of Capital Assets	4,264	3,310
Consumption of Inventory	1,388	-
Gain on Disposal of Capital Assets	(768)	(2,098)
Nominal Sum Disposals	310	-
Valuation Adjustments	1,209	3,345
	(164,138)	(91,009)
Decrease (Increase) in Accounts Receivable	21,450	(67,425)
Decrease in Inventories	-	2,005
Decrease (Increase) in Advances	38	(24)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,908)	62,955
Increase (Decrease) in Unearned Revenue	915	(4,422)
Decrease in Provision for Cell Monitoring and Remediation	-	(54)
Increase in Provision for Future Removal and Site Restoration	625	563
Cash Used by Operating Transactions	(143,018)	(97,411)
Investing Transactions		
Purchase of Capital Assets	(3,851)	(3,270)
Purchase of Inventory	(1,075)	-
Proceeds from Disposal of Capital Assets	1,684	2,427
Transfer of Capital Assets from Other Government Entities	(16,996)	-
Transfer of Inventory	(2,504)	-
Cash Used by Investing Transactions	(22,742)	(843)
Financing Transactions		
Net Transfer from General Revenues	223,162	144,329
Cash Provided by Financing Transactions	223,162	144,329
Net Cash Provided	57,402	46,075
Cash, Beginning of Year	126,772	80,697
Cash, End of Year	$ 184,174	$ 126,772

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

Year ended March 31, 2002

(in thousands)

	2002	2001
ASSETS		
Cash (Note 4)	$ 184,174	$ 126,772
Accounts Receivable (Note 5)	24,815	46,489
Inventories	2,191	-
Advances	71	109
Capital Assets (Note 6)	145,986	130,629
	$ 357,237	$ 303,999
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 31,328	$ 32,251
Unearned Revenue	32,821	31,906
Provision for Cell Monitoring and Remediation (Note 7)	996	996
Provision for Future Removal and Site Restoration (Note 8)	12,250	11,625
	77,395	76,778
NET ASSETS		
Net Assets at Beginning of Year	227,221	178,458
Net Operating Results	(170,541)	(95,566)
Net Transfer from General Revenues	223,162	144,329
Net Assets at End of Year	279,842	227,221
	$ 357,237	$ 303,999

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position
Year ended March 31, 2002
(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	$ (170,541)	$ (95,566)
Non-cash Items		
Amortization of Capital Assets	4,264	3,310
Consumption of Inventory	1,388	-
Gain on Disposal of Capital Assets	(768)	(2,098)
Nominal Sum Disposals	310	-
Valuation Adjustments	1,209	3,345
	(164,138)	(91,009)
Decrease (Increase) in Accounts Receivable	21,450	(67,425)
Decrease in Inventories	-	2,005
Decrease (Increase) in Advances	38	(24)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,908)	62,955
Increase (Decrease) in Unearned Revenue	915	(4,422)
Decrease in Provision for Cell Monitoring and Remediation	-	(54)
Increase in Provision for Future Removal and Site Restoration	625	563
Cash Used by Operating Transactions	(143,018)	(97,411)
Investing Transactions		
Purchase of Capital Assets	(3,851)	(3,270)
Purchase of Inventory	(1,075)	-
Proceeds from Disposal of Capital Assets	1,684	2,427
Transfer of Capital Assets from Other Government Entities	(16,996)	-
Transfer of Inventory	(2,504)	-
Cash Used by Investing Transactions	(22,742)	(843)
Financing Transactions		
Net Transfer from General Revenues	223,162	144,329
Cash Provided by Financing Transactions	223,162	144,329
Net Cash Provided	57,402	46,075
Cash, Beginning of Year	126,772	80,697
Cash, End of Year	$ 184,174	$ 126,772

The accompanying notes and schedules are part of these financial statements.

Note 1 — Authority and Purpose

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*

The Ministry's core businesses are:

- Industry Development to foster development, investment, trade and research in Alberta's forest resources, develop and research fish and wildlife and public land resources while establishing and optimizing Albertans' share of revenue from forest, fish and wildlife and public land development.
- Resource Stewardship to manage the disposition of timber, fish, wildlife and public land allocations and ensure forest protection.

Note 2 — Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board.

Note 2 - continued

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from employees and other organizations or individuals.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

When physical assets (capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Note 2 - continued

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $6,370 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

Note 3 — Government Restructuring

As a result of government restructuring announced on March 15, 2001, some of the responsibilities of the Ministries of Environment, Energy and Agriculture, Food and Rural Development were transferred to the newly established Ministry of Sustainable Resource Development.

The 2001 figures are presented as if the Ministry of Sustainable Resource Development had been in existence on April 1, 2000, and throughout the two-year period covered by these financial statements.

Transfer from the Ministry of Environment	$ 169,332
Transfer from the Ministry of Agriculture, Food and Rural Development	10,071
Transfer to the Ministry of Innovation and Science	(830)
Transfer from the Ministry of Energy	(115)
Net Assets as at April 1, 2000	$ 178,458

Note 4 — Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF) which is managed by Alberta Finance to provide competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

	2002	2001
CCITF		
Environmental Protection and Enhancement Fund	$ 174,095	$ 116,563
Natural Resources Conservation Board	1,799	1,176
Total Cash in CCITF	175,894	117,739
Department of Sustainable Resource Development	8,280	9,033
Total Cash	$ 184,174	$ 126,772

Note 5 — Accounts Receivable

	2002			2001
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 34,598	$ 9,783	$ 24,815	$ 46,489
	$ 34,598	$ 9,783	$ 24,815	$ 46,489

Accounts receivable are unsecured and interest bearing.

Note 6 — Capital Assets

		2002			2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:					
Land	Infinite	$ 98,136	$ -	$ 98,136	$ 99,741
Buildings	40 years	24,823	12,799	12,024	11,913
Equipment	3-10 years	10,715	7,966	2,749	1,582
Computer Hardware and Software	5-10 years	13,570	5,955	7,615	7,146
Other	20 years	26,545	10,305	16,240	-
Infrastructure Assets:					
Land Improvements	40 years	43,574	35,953	7,621	8,618
Highways and Roads	20-40 years	5,952	4,441	1,511	1,517
Dam and Water Management Structures	25-80 years	97	7	90	112
		$ 223,412	$ 77,426	$ 145,986	$ 130,629

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile and fire protection equipment.

Roads consist of original pavement, roadbed, drainage works and traffic control devices.

Other includes aircraft and aircraft engines.

Note 6 - continued Changes to capital assets were as follows:

	2002	2001
Net Book Value at Beginning of Year	$ 130,629	$ 130,999
Capital Assets Purchased	3,851	3,270
Disposals and Write Downs	(1,226)	(330)
Transfer with other Government Entities	16,996	-
Amortization of Capital Assets	(4,264)	(3,310)
Net Book Value at End of Year	$ 145,986	$ 130,629

Note 7 — Provision for Cell Monitoring and Remediation

The Environmental Protection and Enhancement Fund (the Fund) provides a grant to the Ministry of Environment which is responsible for maintaining the integrity of landfill cells at the Swan Hills Waste Treatment Plant. When transferred to the Fund on November 1, 1998, the estimated obligation for required future cell monitoring, repair, or replacement was $1,050. In 2002 the Fund expensed $25 in the Special Waste Management Program to fulfill its monitoring duties.

Note 8 — Provision for Future Removal and Site Restoration

As a result of Government restructuring, the responsibility for section 30 of the *Environmental Protection and Enhancement Act* is transferred to the common responsibility of the Minister of Sustainable Resource Development and the Minister of Environment. Therefore, the fund includes the liability for site remediation upon closure of the Swan Hills Waste Treatment Plant.

As at March 31, 1998, $9,750 had been amortized. The remaining $11,250 of unamortized costs is being amortized at $625 per year over the remaining 18 years. Because decommissioning methods and cost assumptions can change, these estimates may decrease or increase by a material amount.

Effective December 31, 2000, BOVAR returned the Swan Hills Waste Treatment Plant to Alberta Environment. The Alberta government has contracted with a private sector company to operate the plant. Operating results of the plant are reported by the Ministry of Infrastructure. The government is determining the long term plans for the waste treatment plant. Depending on the final outcome of those plans, the remaining amortization period of 14 years as at March 31, 2002, may be adjusted.

Note 9 — Commitments

As at March 31, 2002, the Ministry has the following commitments:

	2002	2001
Service Contracts	$ 118,496	$ 91,778
Long Term Leases (a)	5,044	1,807
Grants		
Forest Resource Improvement Association of Alberta	-	4,000
Various Other Programs	623	185
	$ 124,163	$ 97,770

(a) The Ministry leases certain equipment under operating leases that expire on various dates up to 2007. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	$ 2,635
2004	1,311
2005	755
2006	285
2007	58
Total	$ 5,044

Note 10 — Contingencies

At March 31, 2002, the Ministry was named as the sole defendant in four legal claims, which total approximately $8,896 (2001 - four legal claims totalling $9,071). In addition, there are six claims in which the Ministry has been jointly named with other entities (2001 - six legal claims). Five of these claims have specified amounts totalling $67,529 and the remaining claim has not specified any amount (2001 - six legal claims totalling $70,623). Fourteen claims amounting to $61,293 are covered by the Alberta Risk Management Fund (2001 - twelve legal claims totalling $26,827).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 11 — Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2002, trust funds under administration were as follows:

	2002	2001
General Trust	$ 11,288	$ 11,009
Junior Forest Ranger Program	74	99
	$ 11,362	$ 11,108

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $19,745 (2001, $21,505).

Note 12 — Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,038 for the year ending March 31, 2002 (2001, $4,019).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000, $170,858) and the Public Service Pension Plan reported a surplus of $320,487 (2000, $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Managers had a deficiency of $399 (2000, surplus $180).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646 (2001, $12,710) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656 (2001, $4,583). The expense for these two plans is limited to employer's annual contribution for the year.

Note 13 — Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 14 — Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

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Schedule to the Consolidated Financial Statements
Expense Detailed by Object
Year ended March 31, 2002
(in thousands)

Schedule 1

	2002		2001
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 98,355	$ 112,892	$ 103,595
Supplies and Services	92,982	167,917	119,486
Grants	17,254	12,130	7,471
Financial Transactions and Other	50	304	725
Amortization of Capital Assets	5,906	5,652	3,310
Total Expenses	$ 214,547	$ 298,895	$ 234,587

Schedule to the Consolidated Financial Statements
Expense Detailed by Object
Year ended March 31, 2002
(in thousands)

Schedule 1

	2002		2001
	Budget	Actual	Actual
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Supplies and Services	92,982	167,917	119,486
Grants	17,254	12,130	7,471
Financial Transactions and Other	50	304	725
Amortization of Capital Assets	5,906	5,652	3,310
Total Expenses	$ 214,547	$ 298,895	$ 234,587

Schedule 2

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Other Government of Alberta Entities	
	2002	2001
Revenues		
Fees and Charges	$ 111	$ 143
	$ 111	$ 143
Expenses - Directly Incurred		
Other Services	$ 10,800	$ 5,807
	$ 10,800	$ 5,807
Capital Assets Transferred	$ 16,996	$ -
Receivable From	$ -	$ -
Payable To	$ -	$ -
Advances From	$ -	$ -

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 3.

	Other Government of Alberta Entities	
	2002	2001
Expenses - Incurred by Others		
Accommodation	$ 14,420	$ 12,102
Legal	482	913
	$ 14,902	$ 13,015

Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2002
(in thousands)

Schedule 3

Program	2002 Expenses(1)	Expenses-Incurred by Others: Accommodation Costs	Expenses-Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2002 Expenses	2001 Expenses
Business Sustaining Services	$ 6,395	$ 132	$ 2	$ 521	$ -	$ 7,050	$ 8,809
Client and Licensing Services	12,335	1,031	-	(65)	-	13,301	11,768
Enforcement Field Services	14,556	1,713	80	(74)	-	16,275	15,669
Fisheries and Wildlife Management	11,945	1,086	76	184	-	13,291	16,553
Forest Management	21,552	2,144	98	288	-	24,082	31,075
Forest Industry Development	4,604	193	-	101	-	4,898	1,105
Public Lands Management	10,345	1,013	124	118	176	11,776	10,330
Land Administration	21,206	2,130	7	(1,041)	8	22,310	16,359
Resource Data	8,388	666	-	-	-	9,054	10,320
Forest Protection	58,221	3,988	95	955	(247)	63,012	61,946
Surface Rights and Land Compensation Board	2,164	162	-	(2)	289	2,613	3,901
Environment Statutory Programs	4,016	-	-	-	-	4,016	3,812
Natural Resources Emergency Program	115,638	-	-	-	-	115,638	55,201
Natural Resources Conservation Board	1,568	162	-	-	(2)	1,728	854
Other	5,962	-	-	-	-	5,962	3,310
	$ 298,895	$ 14,420	$ 482	$ 985	$ 224	$ 315,006	$ 251,012

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Schedule to the Consolidated Financial Statements
Related Party Transactions
Year ended March 31, 2002
(in thousands)

Schedule 2

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Other Government of Alberta Entities	
	2002	2001
Revenues		
Fees and Charges	$ 111	$ 143
	$ 111	$ 143
Expenses - Directly Incurred		
Other Services	$ 10,800	$ 5,807
	$ 10,800	$ 5,807
Capital Assets Transferred	$ 16,996	$ -
Receivable From	$ -	$ -
Payable To	$ -	$ -
Advances From	$ -	$ -

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 3.

	Other Government of Alberta Entities	
	2002	2001
Expenses - Incurred by Others		
Accommodation	$ 14,420	$ 12,102
Legal	482	913
	$ 14,902	$ 13,015

Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2002
(in thousands)

Schedule 3

Program	2002 Expenses[1]	Expenses-Incurred by Others: Accommodation Costs	Expenses-Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2002 Expenses	2001 Expenses
Business Sustaining Services	$ 6,395	$ 132	$ 2	$ 521	$ -	$ 7,050	$ 8,809
Client and Licensing Services	12,335	1,031	-	(65)	-	13,301	11,768
Enforcement Field Services	14,556	1,713	80	(74)	-	16,275	15,669
Fisheries and Wildlife Management	11,945	1,086	76	184	-	13,291	16,553
Forest Management	21,552	2,144	98	288	-	24,082	31,075
Forest Industry Development	4,604	193	-	101	-	4,898	1,105
Public Lands Management	10,345	1,013	124	118	176	11,776	10,330
Land Administration	21,206	2,130	7	(1,041)	8	22,310	16,359
Resource Data	8,388	666	-	-	-	9,054	10,320
Forest Protection	58,221	3,988	95	955	(247)	63,012	61,946
Surface Rights and Land Compensation Board	2,164	162	-	(2)	289	2,613	3,901
Environment Statutory Programs	4,016	-	-	-	-	4,016	3,812
Natural Resources Emergency Program	115,638	-	-	-	-	115,638	55,201
Natural Resources Conservation Board	1,568	162	-	-	(2)	1,728	854
Other	5,962	-	-	-	-	5,962	3,310
	$ 298,895	$ 14,420	$ 482	$ 985	$ 224	$ 315,006	$ 251,012

(1) Expenses - Directly incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL *Alberta*

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Capitalization of Assets

Capital asset purchases under $15,000 in the Department have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. In my opinion, these financial statements should recognize capital assets with a net book value estimated to be at least $17 million. The effect of not recognizing capital assets is to understate net assets by the same amount. The effect on expenses cannot reasonably be determined.

Consumable Inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying statement of financial position. The value of consumable inventory not recorded at March 31, 2002 is estimated to be at least $4 million. As a result, net assets are understated by the same amount.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

CA
Auditor General

Edmonton, Alberta
May 23, 2002

Statement of Operations
Year ended March 31, 2002
(in thousands)

	2002 Budget (Schedule 4)	2002 Actual	2001 Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (75,099)	$ (60,529)	$ (66,464)
Remission of Surplus from Environmental Protection and Enhancement Fund	65,190	44,703	3,397
Transfer from the Government of Canada	1,614	3,089	7,425
Fees, Permits and Licences	134,489	117,046	120,861
Investment Income	150	70	115
Other Revenue	2,828	4,220	5,717
	129,172	108,599	71,051
Expenses - Directly Incurred - (Note 2b and Schedule 8)			
Voted (Schedules 2, 3 and 5)			
Business Sustaining Services	6,523	6,395	8,099
Client and Licensing Services	19,901	12,335	10,145
Enforcement Field Services	13,594	14,556	14,067
Fisheries and Wildlife Management	12,440	11,945	12,228
Forest Management	27,156	21,552	29,181
Forest Industry Development	2,682	4,604	1,072
Public Lands Management	11,250	10,345	10,172
Land Administration	19,689	21,206	14,780
Resource Data	8,771	8,388	9,792
Forest Protection	55,400	154,621	87,462
Fire Reclamation	4,000	4,000	4,000
Surface Rights and Land Compensation Board	1,785	2,164	2,525
Natural Resources Conservation Board	1,376	2,308	652
Amortization of Capital Assets	5,856	5,620	3,292
Nominal Sum Disposals	4,000	310	-
	194,423	280,349	207,467
Valuation Adjustments			
Provision for Doubtful Accounts	1,055	224	1,567
Provision for Vacation Pay	-	985	1,778
	1,055	1,209	3,345
Total Expenses	195,478	281,558	210,812
Gain on Disposal of Capital Assets	(2,320)	(768)	(2,098)
Net Operating Results	$ (63,986)	$ (172,191)	$ (137,663)

The accompanying notes and schedules are part of these financial statements.

Statement of Operations
Year ended March 31, 2002
(in thousands)

	2002 Budget (Schedule 4)	2002 Actual	2001 Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (75,099)	$ (60,529)	$ (66,464)
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Fisheries and Wildlife Management	12,440	11,945	12,228
Forest Management	27,156	21,552	29,181
Forest Industry Development	2,682	4,604	1,072
Public Lands Management	11,250	10,345	10,172
Land Administration	19,689	21,206	14,780
Resource Data	8,771	8,388	9,792
Forest Protection	55,400	154,621	87,462
Fire Reclamation	4,000	4,000	4,000
Surface Rights and Land Compensation Board	1,785	2,164	2,525
Natural Resources Conservation Board	1,376	2,308	652
Amortization of Capital Assets	5,856	5,620	3,292
Nominal Sum Disposals	4,000	310	-
	194,423	280,349	207,467
Valuation Adjustments			
Provision for Doubtful Accounts	1,055	224	1,567
Provision for Vacation Pay	-	985	1,778
	1,055	1,209	3,345
Total Expenses	195,478	281,558	210,812
Gain on Disposal of Capital Assets	(2,320)	(768)	(2,098)
Net Operating Results	$ (63,986)	$ (172,191)	$ (137,663)

The accompanying notes and schedules are part of these financial statements.

Department of Sustainable Resource Development

Statement of Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
ASSETS		
Cash	$ 8,280	$ 9,033
Accounts Receivable (Note 4)	69,459	49,432
Advances	71	109
Inventories	2,191	-
Capital Assets (Note 5)	144,553	129,461
	$ 224,554	$ 188,035
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 70,245	$ 86,242
Unearned Revenues	26,434	24,889
	96,679	111,131
NET ASSETS		
Net Assets at Beginning of Year	76,904	70,238
Net Operating Results	(172,131)	(137,663)
Net Transfer from General Revenues	223,162	144,329
Net Assets at End of Year	127,875	76,904
	$ 224,554	$ 188,035

The accompanying notes and schedules are part of these financial statements.

Statement of Changes in Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	$ (172,191)	$ (137,663)
Non-cash Items		
Amortization of Capital Assets	4,232	3,292
Consumption of Inventory	1,388	-
Gain on Disposal of Capital Assets	(768)	(2,098)
Nominal Sum Disposals	310	-
Valuation Adjustments	1,209	3,345
	(165,820)	(133,124)
Increase in Accounts Receivable	(20,251)	(2,916)
Decrease (Increase) in Advances	38	(24)
Decrease in Inventories	-	2,005
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(16,981)	819
Increase (Decrease) in Unearned Revenue	1,545	(11,439)
Cash Used by Operating Transactions	(201,469)	(144,679)
Investing Transactions		
Purchase of Capital Assets	(3,555)	(3,240)
Purchase of Inventory	(1,075)	-
Proceeds from Disposal of Capital Assets	1,684	2,427
Transfer of Capital Assets from Other Government Entities	(16,996)	-
Transfer of Inventory	(2,504)	-
Cash Used by Investing Transactions	(22,446)	(813)
Financing Transactions		
Net Transfer from General Revenues	223,162	144,329
Cash Provided by Financing Transactions	223,162	144,329
Net Cash Used	(753)	(1,163)
Cash, Beginning of Year	9,033	10,196
Cash, End of Year	$ 8,280	$ 9,033

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position
Year ended March 31, 2002
(in thousands)

	2002	2001
ASSETS		
Cash	$ 8,280	$ 9,033
Accounts Receivable (Note 4)	69,459	49,432
Advances	71	109
Inventories	2,191	-
Capital Assets (Note 5)	144,553	129,461
	$ 224,554	$ 188,035
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(in thousands)

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Net Operating Results	$ (172,191)	$ (137,663)
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Amortization of Capital Assets	4,232	3,292
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Cash, Beginning of Year	9,033	10,196
Cash, End of Year	$ 8,280	$ 9,033

The accompanying notes and schedules are part of these financial statements.

Note 1 — Authority and Purpose

The Department of Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The Department's core businesses are:

- Industry Development to foster development, investment, trade and research in Alberta's forest resources, develop and research fish and wildlife and public land resources while establishing and optimizing Albertans' share of revenue from forest, fish and wildlife and public land development.
- Resource Stewardship to manage the disposition of timber, fish, wildlife and public land allocations and ensure forest protection.

Note 2 — Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister include the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Note 2 - continued

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending and must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from employees and other organizations or individuals.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities include all financial claims payable by the Department at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Note 2 - continued

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $6,370 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

Note 3 — Government Restructuring

As a result of government restructuring announced on March 15, 2001, some of the responsibilities of the Departments of Environment, Energy and Agriculture, Food and Rural Development were transferred to the newly established Department of Sustainable Resource Development.

The 2001 figures are presented as if the Department of Sustainable Resource Development had been in existence on April 1, 2000 and throughout the two-year period covered by these financial statements.

Transfer from the Department of Environment	$ 60,282
Transfer from the Department of Agriculture, Food and Rural Development	10,071
Transfer from the Department of Energy	(115)
Net Assets as at April 1, 2000	$ 70,238

Note 4 — Accounts Receivable

	2002			2001
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable [1]	$ 77,698	$ 9,783	$ 67,915	$ 49,376
Refunds from Suppliers	1,544	-	1,544	56
	$ 79,242	$ 9,783	$ 69,459	$ 49,432

[1] Accounts receivable are unsecured and interest bearing.

Note 5 — Capital Assets

	Estimated Useful Life	2002 Cost	2002 Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
General Capital Assets:					
Land	Infinite	$ 98,136	$ -	$ 98,136	$ 99,587
Buildings	40 years	23,349	12,436	10,913	10,956
Equipment	3-10 years	10,490	7,854	2,636	1,555
Computer Hardware and Software	5-10 years	13,240	5,834	7,406	7,116
Other	20 years	26,545	10,305	16,240	-
Infrastructure Assets:					
Land Improvements	40 years	43,574	35,953	7,621	8,618
Highways and Roads	20-40 years	5,952	4,441	1,511	1,517
Dam and Water Management Structures	25-80 years	97	7	90	112
		$ 221,383	$ 76,830	$ 144,553	$ 129,461

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile and fire protection equipment.

Roads consist of original pavement, roadbed, drainage works and traffic control devices.

Other includes aircraft and aircraft engines.

Changes to capital assets were as follows:

	2002	2001
Net Book Value at Beginning of Year	$ 129,461	$ 129,843
Capital Assets Purchased	3,555	3,240
Disposals and Write Downs	(1,227)	(330)
Transfer with other Government Entities	16,996	-
Amortization of Capital Assets	(4,232)	(3,292)
Net Book Value at End of Year	$ 144,553	$ 129,461

Note 6 — Commitments

As at March 31, 2002, the Department has the following commitments:

	2002	2001
Service Contracts	$ 15,846	$ 3,358
Long Term Leases (a)	3,073	1,165
Grants		
Forest Resource Improvement Association of Alberta	-	4,000
Various other Programs	623	185
	$ 19,542	$ 8,708

(a) The Department leases certain equipment under operating leases that expire on various dates up to 2006. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	$ 1,769
2004	787
2005	388
2006	129
Total	$ 3,073

Note 7 — Contingencies

At March 31, 2002, the Department was named as the sole defendant in four legal claims which total approximately $8,896 (2001 - four legal claims totalling $9,071). In addition, there are six claims in which the Department has been jointly named with other entities (2001 - six legal claims). Five of these claims have specified amounts totalling $67,529 and the remaining claim has not specified any amount (2001 - six legal claims totalling $70,623). Fourteen claims amounting to $61,293 are covered by the Alberta Risk Management Fund (2001 - twelve legal claims totalling $26,827).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 8 — Trust Funds Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2002, trust funds under administration were as follows:

	2002	2001
General Trust	$ 11,288	$ 11,009
Junior Forest Ranger Program	74	99
	$ 11,362	$ 11,108

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $19,745 (2001, $21,505).

Note 9 — Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,969 for the year ending March 31, 2002 (2001, $3,975).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000, $170,858) and the Public Service Pension Plan reported a surplus of $320,487 (2000, $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Managers had a deficiency of $399 (2000, surplus $180).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646 (2001, $12,710) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656 (2001, $4,583). The expense for these two plans is limited to employer's annual contribution for the year.

Note 10 — Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 11 — Approval Of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

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Schedule to Financial Statements
Revenues
Year ended March 31, 2002
(in thousands)

Schedule 1

	2002		2001
	Budget	Actual	Actual
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (75,099)	$ (60,529)	$ (66,464)
Remission of Surplus from Environmental Protection and Enhancement Fund	65,190	44,703	3,397
	(9,909)	(15,826)	(63,067)
Transfer from the Government of Canada	1,614	3,089	7,425
Fees, Permits and Licences			
Timber Royalties and Fees	89,560	64,233	72,313
Land and Grazing	38,300	46,611	42,081
Other	6,629	6,202	6,467
	134,489	117,046	120,861
Investment Income	150	70	115
Other Revenue			
Refunds of Expenditure	45	953	2,198
Other	2,783	3,267	3,519
	2,828	4,220	5,717
Total Revenue	$ 129,172	$ 108,599	$ 71,051

Schedule to Financial Statements
Revenues
Year ended March 31, 2002
(in thousands)

Schedule 1

	2002		2001
	Budget	**Actual**	**Actual**
Internal Government Transfers			
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	134,489	117,046	120,861
Investment Income	150	70	115
Other Revenue			
Refunds of Expenditure	45	953	2,198
Other	2,783	3,267	3,519
	2,828	4,220	5,717
Total Revenue	$ 129,172	$ 108,599	$ 71,051

Schedule to Financial Statements
Dedicated Revenue Initiatives
Year ended March 31, 2002
(in thousands)

Schedule 2

	2002		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) /Excess
Spatial Data Warehouse	$ 900	$ 746	$ (154)
Environmental Training Centre	200	163	(37)
Public Lands	11,400	11,282	(118)
Total	$ 12,500	$ 12,191	(1)$ (309)

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

The Spatial Data Warehouse dedicated revenue initiative was established for the purpose of updating the cadastral base maps. The source of this dedicated revenue is a filing fee for each survey plan filed at Land Titles Office.

The Environmental Training Centre dedicated revenue initiative was established for the purpose of collecting revenue for room and board and for classroom utilization including audio visual equipment at the Environmental Training Centre. Also included is the sale of interactive fire compact discs for national and international studies. The users/customers include universities, youth groups and armed forces.

Public Lands Management dedicated revenue of $10,400 and Grazing Reserves dedicated revenue of $1,000 from the collection of fees for various dispositions (such as grazing, surface, etc.) were established pursuant to the *Public Lands Act*. This dedicated revenue is associated with the delivery of Public Lands services related to the day-to-day management responsibility and administering decisions regarding planning for public lands allocated to an agricultural use, based on a multiple use philosophy.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Schedule to Financial Statements
Expenses-Directly Incurred Detailed by Object
Year ended March 31, 2002
(in thousands)

Schedule 3

	2002 Budget	2002 Actual	2001 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 89,427	$ 84,163	$ 83,539
Supplies and Services	48,713	41,561	42,185
Grants	50,377	148,941	78,429
Financial Transactions and Other	50	64	22
Amortization of Capital Assets	5,856	5,620	3,292
Total Voted Expenses	$ 194,423	$ 280,349	$ 207,467

Department of Sustainable Resource Development

Schedule to Financial Statements
Expenses-Directly Incurred Detailed by Object
Year ended March 31, 2002
(in thousands)

Schedule 3

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Supplies and Services	48,713	41,561	42,185
Grants	50,377	148,941	78,429
Financial Transactions and Other	50	64	22
Amortization of Capital Assets	5,856	5,620	3,292
Total Voted Expenses	$ 194,423	$ 280,349	$ 207,467

Schedule to Financial Statements
Budget
Year ended March 31, 2002
(in thousands)

Schedule 4

	2001-2002 Estimates	Adjustments (a)	2001-2002 Budget	Authorized Supplementary(b)	2001-2002 Authorized Budget
Revenues					
Transfer to Environmental Protection and Enhancement Fund	$ (75,099)	$ -	$ (75,099)	$ -	$ (75,099)
Remission of Surplus from Environmental Protection and Enhancement Fund	65,190	-	65,190	-	65,190
Transfer from the Government of Canada	1,614	-	1,614	-	1,614
Fees, Permits and Licences	134,489	-	134,489	-	134,489
Investment Income	150	-	150	-	150
Other Revenue	2,828	-	2,828	-	2,828
	129,172	-	129,172	-	129,172
Expenses - Directly Incurred					
Voted Expenses					
Business Sustaining Services	6,523	-	6,523	-	6,523
Client and Licensing Services	19,901	-	19,901	-	19,901
Enforcement Field Services	13,594	-	13,594	-	13,594
Fisheries and Wildlife Management	12,440	-	12,440	-	12,440
Forest Management	27,156	-	27,156	-	27,156
Forest Industry Development	2,682	-	2,682	-	2,682
Public Lands Management	11,250	-	11,250	-	11,250
Land Administration	19,689	-	19,689	-	19,689
Resource Data	8,771	-	8,771	-	8,771
Forest Protection	55,400	-	55,400	97,691	153,091
Fire Reclamation	4,000	-	4,000	-	4,000
Surface Rights and Land Compensation Board	1,785	-	1,785	-	1,785
Natural Resources Conservation Board	1,376	-	1,376	-	1,376
Amortization of Capital Assets	5,856	-	5,856	-	5,856
Nominal Sum Disposals	4,000	-	4,000	-	4,000
Dedicated Revenue Shortfall (Schedule 2)	-	(309)	(309)	-	(309)
	194,423	(309)	194,114	97,691	291,805
Valuation Adjustments					
Provision for Doubtful Accounts	1,055	-	1,055	-	1,055
Provision for Vacation Pay	-	-	-	-	-
	1,055	-	1,055	-	1,055
Total Expenses	195,478	(309)	195,169	97,691	292,860
Gain on Disposal of Capital Assets	(2,320)	-	(2,320)	-	(2,320)
Net Operating Results	$ (63,986)	$ 309	$ (63,677)	$ (97,691)	$ (161,368)
Capital Investment	$ 2,711	$ -	$ 2,711	$ -	$ 2,711

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted operating expenses or capital investments in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.

(b) The Supplementary Estimate was approved on November 29, 2001. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

Schedule 5

Year ended March 31, 2002
(in thousands)

		2001-2002 Estimates	Adjustments (a)	2001-2002 Budget	Authorized Supplementary(b)	2001-2002 Authorized Budget	2001-2002 Actual	Unexpended (Over Expended)
Voted Expenses and Capital Investments								
Ministry Support Services								
1.0.1	Minister's Office	$ 342	$ -	$ 342	$ -	$ 342	$ 341	$ 1
1.0.2	Deputy Minister's Office	367	-	367	-	367	367	-
1.0.3	Communications	719	-	719	-	719	691	28
1.0.4	Financial Services							
	- Operating Expense	2,555	-	2,555	-	2,555	2,278	277
	- Capital Investment	-	-	-	-	-	28	(28)
1.0.5	Human Resources	1,359	-	1,359	-	1,359	920	439
1.0.6	Information Technology	864	-	864	-	864	982	(118)
1.0.7	Information Centre	250	-	250	-	250	281	(31)
1.0.8	Legal Services	67	-	67	-	67	88	(21)
1.0.9	Amortization of Capital Assets	27	-	27	-	27	44	(17)
1.0.10	Achievement Award	-	-	-	-	-	448	(448)
	TOTAL PROGRAM 1	6,550	-	6,550	-	6,550	6,468	82
Policy, Programs and Standards								
2.0.1	Client and Licensing Services							
	- Operating Expense	7,717	-	7,717	-	7,717	6,413	1,304
	- Capital Investment	-	-	-	-	-	32	(32)
2.0.2	Enforcement Field Services							
	- Operating Expense	2,633	-	2,633	-	2,633	2,528	105
	- Capital Investment	-	-	-	-	-	41	(41)
2.0.3	Fisheries and Wildlife Management	6,835	-	6,835	-	6,835	6,339	496
2.0.4	Forest Management							
	- Operating Expense	14,192	-	14,192	-	14,192	9,184	5,008
	- Capital Investment	150	-	150	-	150	152	(2)
2.0.5	Forest Industry Development	2,682	-	2,682	-	2,682	4,604	(1,922)
2.0.6	Public Lands Management							
	- Operating Expense	10,200	-	10,200	-	10,200	9,400	800
	- Capital Investment	300	-	300	-	300	369	(69)
2.0.7	Grazing Reserves							
	- Operating Expense	1,050	-	1,050	-	1,050	945	105
	- Capital Investment	25	-	25	-	25	119	(94)
2.0.8	Land Administration	9,827	-	9,827	-	9,827	11,816	(1,989)
2.0.9	Resource Data							
	- Operating Expense	8,771	-	8,771	-	8,771	8,388	383
	- Capital Investment	1,064	-	1,064	-	1,064	1,375	(311)
2.0.10	Amortization of Capital Assets	2,554	-	2,554	-	2,554	2,331	223
	TOTAL PROGRAM 2	68,000	-	68,000	-	68,000	64,036	3,964
Forest Protection								
3.1	Provincial Fire Fighting Centre							
3.1.1	Provincial Fire Fighting Centre							
	- Operating Expense	7,732	-	7,732	-	7,732	7,400	332
	- Capital Investment	60	-	60	-	60	119	(59)
	Total Sub-program	7,792	-	7,792	-	7,792	7,519	273
3.2	Fire Centres							
3.2.1	Grande Prairie Fire Centre	872	-	872	-	872	877	(5)
3.2.2	High Level Fire Centre							
	- Operating Expense	1079	-	1,079	-	1,079	1,022	57
	- Capital Investment	-	-	-	-	-	29	(29)
3.2.3	Slave Lake Fire Centre	607	-	607	-	607	614	(7)
3.2.4	Peace River Fire Centre	1,007	-	1,007	-	1,007	1,021	(14)
3.2.5	Fort McMurray Fire Centre							
	- Operating Expense	620	-	620	-	620	753	(133)
	- Capital Investment	3	-	3	-	3	-	3
3.2.6	Lac La Biche Fire Centre							
	- Operating Expense	942	-	942	-	942	874	68
	- Capital Investment	3	-	3	-	3	30	(27)
3.2.7	Edson Fire Centre							
	- Operating Expense	682	-	682	-	682	754	(72)
	- Capital Investment	-	-	-	-	-	24	(24)
3.2.8	Whitecourt Fire Centre	710	-	710	-	710	788	(78)
3.2.9	Calgary Fire Centre	812	-	812	-	812	861	(49)
3.2.10	Rocky Fire Centre	1,090	-	1,090	-	1,090	945	145
	Total Sub-program	8,427	-	8,427	-	8,427	8,592	(165)

Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget
Year ended March 31, 2002
(in thousands)

Schedule 5 - continued

		2001-2002 Estimates	Adjustments (a)	2001-2002 Budget	Authorized Supplementary(b)	2001-2002 Authorized Budget	2001-2002 Actual	Unexpended (Over Expended)
3.3	Seasonal Fire Fighting							
3.3.1	Seasonal Fire Fighting							
	- Operating Expense	39,247	-	39,247	97,691	136,938	138,713	(1,775)
	- Capital Investment	1,000	-	1,000	-	1,000	2,175	(1,175)
	Total Sub-program	40,247	-	40,247	97,691	137,938	140,888	(2,950)
3.4	Fire Reclamation							
3.4.1	Fire Reclamation	4,000	-	4,000	-	4,000	4,000	-
	Total Sub-program	4,000	-	4,000	-	4,000	4,000	-
3.5	Non-Cash Transactions							
3.5.1	Amortization of Capital Assets	2,641	-	2,641	-	2,641	2,987	(346)
	Total Sub-program	2,641	-	2,641	-	2,641	2,987	(346)
	TOTAL PROGRAM 3	63,107	-	63,107	97,691	160,798	163,986	(3,188)
Regional Operations								
4.1	Northwest Boreal Region							
4.1.1	Client and Licensing Services							
	- Operating Expense	2,165	-	2,165	-	2,165	916	1,249
	- Capital Investment	25	-	25	-	25	14	11
4.1.2	Enforcement Field Services	2,107	-	2,107	-	2,107	2,322	(215)
4.1.3	Fisheries and Wildlife Management	1,066	-	1,066	-	1,066	1,041	25
4.1.4	Forest Management							
	- Operating Expense	5,047	-	5,047	-	5,047	4,841	206
	- Capital Investment	-	-	-	-	-	14	(14)
4.1.5	Land Administration							
	- Operating Expense	3,973	-	3,973	-	3,973	3,064	909
	- Capital Investment	-	-	-	-	-	20	(20)
	Total Sub-Program	14,383	-	14,383	-	14,383	12,232	2,151
4.2	Northeast Boreal Region							
4.2.1	Client and Licensing Services	2,047	-	2,047	-	2,047	1,354	693
4.2.2	Enforcement Field Services	1,537	-	1,537	-	1,537	1,731	(194)
4.2.3	Fisheries and Wildlife Management							
	- Operating Expense	1,253	-	1,253	-	1,253	1,193	60
	- Capital Investment	-	-	-	-	-	25	(25)
4.2.4	Forest Management							
	- Operating Expense	2,184	-	2,184	-	2,184	2,115	69
	- Capital Investment	11	-	11	-	11	-	11
4.2.5	Land Administration							
	- Operating Expense	1,845	-	1,845	-	1,845	1,811	34
	- Capital Investment	5	-	5	-	5	40	(35)
	Total Sub-Program	8,882	-	8,882	-	8,882	8,269	613
4.3	Northern East Slopes Region							
4.3.1	Client and Licensing Services	785	-	785	-	785	597	188
4.3.2	Enforcement Field Services	1,631	-	1,631	-	1,631	1,897	(266)
4.3.3	Fisheries and Wildlife Management							
	- Operating Expense	769	-	769	-	769	811	(42)
	- Capital Investment	-	-	-	-	-	25	(25)
4.3.4	Forest Management	3,038	-	3,038	-	3,038	2,761	277
4.3.5	Land Administration	2,044	-	2,044	-	2,044	1,980	64
	Total Sub-program	8,267	-	8,267	-	8,267	8,071	196
4.4	Bow Region							
4.4.1	Client and Licensing Services	2,465	-	2,465	-	2,465	732	1,733
4.4.2	Enforcement Field Services	2,045	-	2,045	-	2,045	2,136	(91)
4.4.3	Fisheries and Wildlife Management	663	-	663	-	663	724	(61)
4.4.4	Forest Management	477	-	477	-	477	466	11
4.4.5	Land Administration	510	-	510	-	510	504	6
	Total Sub-program	6,160	-	6,160	-	6,160	4,562	1,598

Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget
Year ended March 31, 2002
(in thousands)

Schedule 5 - continued

		2001-2002 Estimates	Adjustments (a)	2001-2002 Budget	Authorized Supplementary(b)	2001-2002 Authorized Budget	2001-2002 Actual	Unexpended (Over Expended)
4.5	Parkland Region							
4.5.1	Client and Licensing Services							
	- Operating Expense	2,104	-	2,104	-	2,104	1,226	878
	- Capital Investment	29	-	29	-	29	-	29
4.5.2	Enforcement Field Services	1,956	-	1,956	-	1,956	2,207	(251)
4.5.3	Fisheries and Wildlife Management	896	-	896	-	896	1,068	(172)
4.5.4	Forest Management	1,652	-	1,652	-	1,652	1,632	20
4.5.5	Land Administration	1,058	-	1,058	-	1,058	1,419	(361)
	Total Sub-program	7,695	-	7,695	-	7,695	7,552	143
4.6	Prairie Region							
4.6.1	Client and Licensing Services							
	- Operating Expense	2,618	-	2,618	-	2,618	1,097	1,521
	- Capital Investment	36	-	36	-	36	-	36
4.6.2	Enforcement Field Services	1,685	-	1,685	-	1,685	1,734	(49)
4.6.3	Fisheries and Wildlife Management	958	-	958	-	958	769	189
4.6.4	Forest Management	566	-	566	-	566	553	13
4.6.5	Land Administration	432	-	432	-	432	612	(180)
	Total Sub-program	6,295	-	6,295	-	6,295	4,765	1,530
4.7	Non-Cash Transactions							
4.7.1	Amortization of Capital Assets	634	-	634	-	634	257	377
4.7.2	Nominal Sum Disposals	4,000	-	4,000	-	4,000	310	3,690
	Total Sub-program	4,634	-	4,634	-	4,634	567	4,067
	TOTAL PROGRAM 4	56,316	-	56,316	-	56,316	46,018	10,298
	Reporting Agencies and Statutory Programs							
5.1	Surface Rights and Land Compensation Board							
5.1.1	Surface Rights and Land Compensation Board	1,785	-	1,785	-	1,785	2,164	(379)
5.2	Assistance to Natural Resources Conservation Board							
5.2.1	Natural Resources Conservation Board	1,376	-	1,376	-	1,376	2,308	(932)
	Total Sub-program	3,161	-	3,161	-	3,161	4,472	(1,311)
	TOTAL PROGRAM 5	3,161	-	3,161	-	3,161	4,472	(1,311)
	Dedicated Revenue Shortfall (Schedule 2)	-	(309)	(309)	-	(309)	-	(309)
TOTAL VOTED EXPENSES		$ 197,134	$ (309)	$ 196,825	$ 97,691	$ 294,516	$ 284,980	$ 9,536
PROGRAM OPERATING EXPENSE		194,423	(309)	194,114	97,691	291,805	280,349	11,456
PROGRAM CAPITAL INVESTMENT		2,711	-	2,711	-	2,711	4,631	(1,920)
TOTAL VOTED EXPENSES		$ 197,134	$ (309)	$ 196,825	$ 97,691	$ 294,516	$ 284,980	$ 9,536
Statutory Expenses:								
Valuation Adjustments		$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 1,209	$ (154)
		$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 1,209	$ (154)

(a) Adjustments include dedicated revenue shortfalls. In the event that actual voted operating expenses or capital investments in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.

(b) The Supplementary Estimate was approved on November 29, 2001. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

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Schedule to Financial Statements
Salary and Benefits Disclosure
Year ended March 31, 2002

Schedule 6

	2002			2001
	Salary[1]	Benefits & Allowances[2]	Total	Total
Deputy Minister[3]	$ 157,600	$ 55,000	$ 212,600	$ -
Assistant Deputy Ministers				
Fish and Wildlife[4]	118,724	44,871	163,595	155,346
Forest Protection[4][5]	135,300	9,531	144,831	-
Land and Forest	90,782	3,736	94,518	151,773
Strategic Corporate Services[6][7]	39,821	10,321	50,142	132,963
Director, Human Resource Services[7]	102,814	24,832	127,646	119,293

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Benefits and allowances include vacation payments to the Assistant Deputy Minister, Fish and Wildlife, $13,444 and the Assistant Deputy Minister, Forest Protection, $4,960.

(5) Position created on November 1, 2001.

(6) The Assistant Deputy Minister of Strategic Corporate Services (formerly the Senior Financial Officer) position, was created in 2001 and filled on November 20, 2001.

(7) The incumbent's services are shared with the Department of Environment which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues				
Grants	$ 44,703	$ 3,397	$ -	$ -
Fees and Charges	-	-	24	112
	$ 44,703	$ 3,397	$ 24	$ 112
Expenses - Directly Incurred				
Grants	$ 140,780	$ 71,113	$ -	$ -
Other Services	-	-	6,784	1,995
	$ 140,780	$ 71,113	$ 6,784	$ 1,995
Capital Assets Transferred	$ -	$ -	$ 16,996	$ -
Receivable From	$ 44,703	$ 3,397	$ -	$ -
Payable To	$ 41,535	$ 56,795	$ -	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 14,258	$ 11,989
Legal	-	-	482	913
	$ -	$ -	$ 14,740	$ 12,902

Schedule to Financial Statements
Salary and Benefits Disclosure
Year ended March 31, 2002

Schedule 6

	2002			2001
	Salary[1]	Benefits & Allowances[2]	Total	Total
Deputy Minister[3]	$ 157,600	$ 55,000	$ 212,600	$ -
Assistant Deputy Ministers				
Fish and Wildlife[4]	118,724	44,871	163,595	155,346
Forest Protection[4][5]	135,300	9,531	144,831	-
Land and Forest	90,782	3,736	94,518	151,773
Strategic Corporate Services[6][7]	39,821	10,321	50,142	132,963
Director, Human Resource Services[7]	102,814	24,832	127,646	119,293

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

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(4) Benefits and allowances include vacation payments to the Assistant Deputy Minister, Fish and Wildlife, $13,444 and the Assistant Deputy Minister, Forest Protection, $4,960.

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Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2002
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues				
Grants	$ 44,703	$ 3,397	$ -	$ -
Fees and Charges	-	-	24	112
	$ 44,703	$ 3,397	$ 24	$ 112
Expenses - Directly Incurred				
Grants	$ 140,780	$ 71,113	$ -	$ -
Other Services	-	-	6,784	1,995
	$ 140,780	$ 71,113	$ 6,784	$ 1,995
Capital Assets Transferred	$ -	$ -	$ 16,996	$ -
Receivable From	$ 44,703	$ 3,397	$ -	$ -
Payable To	$ 41,535	$ 56,795	$ -	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 14,258	$ 11,989
Legal	-	-	482	913
	$ -	$ -	$ 14,740	$ 12,902

Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2002
(in thousands)

Schedule 8

Program	2002 Expenses(1)	Expenses-Incurred by Others: Accommodation Costs	Expenses-Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2002 Expenses	2001 Expenses
Business Sustaining Services	$ 6,395	$ 132	$ 2	$ 521	$ -	$ 7,050	$ 8,809
Client and Licensing Services	12,335	1,031	-	(65)	-	13,301	11,768
Enforcement Field Services	14,556	1,713	80	(74)	-	16,275	15,669
Fisheries and Wildlife Management	11,945	1,086	76	184	-	13,291	16,553
Forest Management	21,552	2,144	98	288	-	24,082	31,075
Forest Industry Development	4,604	193	-	101	-	4,898	1,105
Public Lands Management	10,345	1,013	124	118	176	11,776	10,330
Land Administration	21,206	2,130	7	(1,041)	8	22,310	16,359
Resource Data	8,388	666	-	-	-	9,054	10,320
Forest Protection	158,621	3,988	95	955	(247)	163,412	93,945
Surface Rights and Land Compensation Board	2,164	162	-	(2)	289	2,613	3,901
Other	8,238	-	-	-	(2)	8,236	3,944
	$ 280,349	$ 14,258	$ 482	$ 985	$ 224	$ 296,298	$ 223,778

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Schedule to Financial Statements
Allocated Costs

Schedule 8

Year ended March 31, 2002
(in thousands)

Program	2002 Expenses(1)	Expenses-Incurred by Others: Accommodation Costs	Expenses-Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2002 Expenses	2001 Expenses
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Client and Licensing Services	12,335	1,031	-	(65)	-	13,301	11,768
Enforcement Field Services	14,556	1,713	80	(74)	-	16,275	15,669
Fisheries and Wildlife Management	11,945	1,086	76	184	-	13,291	16,553
Forest Management	21,552	2,144	98	288	-	24,082	31,075
Forest Industry Development	4,604	193	-	101	-	4,898	1,105
Public Lands Management	10,345	1,013	124	118	176	11,776	10,330
Land Administration	21,206	2,130	7	(1,041)	8	22,310	16,359
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	$ 280,349	$ 14,258	$ 482	$ 985	$ 224	$ 296,298	$ 223,778

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL *Alberta*

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Environmental Protection and Enhancement Fund is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital asset purchases under $15,000 have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. Since the Fund does not separately identify expenses that are capital in nature, the amount of the misstatement cannot reasonably be determined; however, I believe it to be material.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn
CA
Auditor General

Edmonton, Alberta
May 23, 2002

Environmental Protection and Enhancement Fund

Statement of Operations

Year ended March 31, 2002
(in thousands)

	2002		2001
	Budget	Actual	Actual
Revenues			
Transfer from the Department (Note 11)	$ 114,346	$ 199,001	$ 136,925
Fees, Permits and Licences	838	-	785
Investment Income	5,733	2,834	4,808
Other Revenue	3,600	1,454	413
	124,517	203,289	142,931
Expenses			
Environment Statutory Programs	7,500	4,016	3,812
Natural Resources Emergency Program			
Forest Fires	51,247	153,185	92,745
Forest Health Program	500	486	499
Intercept Feeding and Fencing	80	39	76
Fish and Wildlife	-	-	341
	59,327	157,726	97,473
Net Operating Results	$ 65,190	$ 45,563	$ 45,458

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Assets		
Cash (Note 4)	$ 174,095	$ 116,563
Accounts Receivable (Note 5)	41,574	57,247
Buildings Held for Resale	1,111	1,111
	$ 216,780	$ 174,921
Liabilities		
Accounts Payable and Accrued Liabilities	$ 47,147	$ 6,143
Unearned Revenue	6,387	7,017
Provision for Cell Monitoring and Remediation (Note 6)	996	996
Provision for Future Removal and Site Restoration (Note 7)	12,250	11,625
	66,780	25,781
Net Assets		
Net Assets at Beginning of Year	149,140	107,079
Net Operating Results	45,563	45,458
Transfer to Department of Sustainable Resource Development (Note 10)	(44,703)	(3,397)
Net Assets at End of Year (Note 10)	150,000	149,140
	$ 216,780	$ 174,921

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Operations

Year ended March 31, 2002
(in thousands)

	2002 Budget	2002 Actual	2001 Actual
Revenues			
Transfer from the Department (Note 11)	$ 114,346	$ 199,001	$ 136,925
Fees, Permits and Licences	838	-	785
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	124,517	203,289	142,931
Expenses			
Environment Statutory Programs	7,500	4,016	3,812
Natural Resources Emergency Program			
Forest Fires	51,247	153,185	92,745
Forest Health Program	500	486	499
Intercept Feeding and Fencing	80	39	76
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Environmental Protection and Enhancement Fund

Statement of Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Assets		
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Accounts Payable and Accrued Liabilities	$ 47,147	$ 6,143
Unearned Revenue	6,387	7,017
Provision for Cell Monitoring and Remediation (Note 6)	996	996
Provision for Future Removal and Site Restoration (Note 7)	12,250	11,625
	66,780	25,781
Net Assets		
Net Assets at Beginning of Year	149,140	107,079
Net Operating Results	45,563	45,458
Transfer to Department of Sustainable Resource Development (Note 10)	(44,703)	(3,397)
Net Assets at End of Year (Note 10)	150,000	149,140
	$ 216,780	$ 174,921

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Changes in Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	$ 45,563	$ 45,458
Decrease (Increase) in Accounts Receivable	15,673	(4,346)
Increase in Accounts Payable and Accrued Liabilities	41,004	1,950
Increase (Decrease) in Unearned Revenue	(630)	7,017
Increase (Decrease) in Provision for Cell Monitoring and Remediation	-	(54)
Increase in Provision for Future Removal and Site Restoration	625	563
Cash Provided by Operating Transactions	102,235	50,588
Financing Transactions		
Transfer to Department of Sustainable Resource Development	(44,703)	(3,397)
Cash Used by Financing Transactions	(44,703)	(3,397)
Net Cash Provided	57,532	47,191
Cash, Beginning of Year	116,563	69,372
Cash, End of Year	$ 174,095	$ 116,563

The accompanying notes and schedule are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Changes in Financial Position

Year ended March 31, 2002
(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	$ 45,563	$ 45,458
Decrease (Increase) in Accounts Receivable	15,673	(4,346)
Increase in Accounts Payable and Accrued Liabilities	41,004	1,950
Increase (Decrease) in Unearned Revenue	(630)	7,017
Increase (Decrease) in Provision for Cell Monitoring and Remediation	-	(54)
Increase in Provision for Future Removal and Site Restoration	625	563
Cash Provided by Operating Transactions	102,235	50,588
Financing Transactions		
Transfer to Department of Sustainable Resource Development	(44,703)	(3,397)
Cash Used by Financing Transactions	(44,703)	(3,397)
Net Cash Provided	57,532	47,191
Cash, Beginning of Year	116,563	69,372
Cash, End of Year	$ 174,095	$ 116,563

The accompanying notes and schedule are part of these financial statements.

Note 1 — Authority and Purpose

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statutes of Alberta 2000.

The Fund is comprised of the following components:

Land Reclamation

Natural Resources Emergency Program

Special Waste Management Program

On March 19, 2001, an Order in Council delegated the responsibility for section 30 of the EPEA to the common responsibility of the Ministry of Environment and the Ministry of Sustainable Resource Development. The Environmental Protection and Enhancement Fund is a component of this *Act* and is the financial administrative responsibility of the Ministry of Sustainable Resource Development.

Note 2 — Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Fund which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister include the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Note 2 - continued

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entities making the transfer do not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Assets

Land held for resale is recorded at the lower of cost and net realizable value.

Liabilities

Liabilities represent all financial claims payable by the Fund at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3 — Government Restructuring

As a result of government restructuring announced on March 15, 2001, the Environmental Protection and Enhancement Fund was transferred to the newly established Ministry of Sustainable Resource Development.

Also, as a result of the restructuring, the Forest Development Research Program was transferred to the Department of Innovation and Science.

Comparatives for 2001 have been restated as if the Fund had always been assigned its current responsibilities.

Net Assets as previously reported at March 31, 2000	$ 107,909
Transfer to the Department of Innovation and Science	(830)
Net Assets as restated at April 1, 2000	$ 107,079

Note 4 — Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed by Alberta Finance to provide competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

Note 5 — Accounts Receivable

	2002	2001
Department of Sustainable Resource Development	$ 41,535	$ 56,795
Other	39	452
	$ 41,574	$ 57,247

Note 6 — Provision for Cell Monitoring and Remediation

The Fund provides a grant to the Ministry of Environment which is responsible for maintaining the integrity of landfill cells at the Swan Hills Waste Treatment Plant. When transferred to the Fund on November 1, 1998, the estimated obligation for required future cell monitoring, repair, or replacement was $1,050. In 2002 the Fund expensed $25 in the Special Waste Management Program to fulfill its monitoring duties.

Note 7 — Provision for Future Removal and Site Restoration

As a result of Government restructuring, the responsibility for section 30 of the *Environmental Protection and Enhancement Act* is transferred to the common responsibility of the Minister of Sustainable Resource Development and the Minister of Environment. Therefore, the Fund includes the liability for site remediation upon closure of the Swan Hills Waste Treatment Plant.

As at March 31, 1998, $9,750 had been amortized. The remaining $11,250 of unamortized costs is being amortized at $625 per year over the remaining 18 years. Because decommissioning methods and cost assumptions can change, these estimates may decrease or increase by a material amount.

Effective December 31, 2000, BOVAR returned the Swan Hills Waste Treatment Plant to Alberta Environment. The Alberta government has contracted with a private sector company to operate the plant. Operating results of the plant are reported by the Department of Infrastructure. The government is determining the long term plans for the waste treatment plant. Depending on the final outcome of those plans, the remaining amortization period of 14 years as at March 31, 2002, may be adjusted.

Note 8 — Commitments

As at March 31, 2002, the Fund has the following commitments:

	2002	2001
Service Contracts	$ 102,650	$ 88,420
Long Term Leases (a)	1,971	642
	$ 104,621	$ 89,062

(a) The Fund leases certain equipment under operating leases that expire on various dates up to 2007. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	$ 866
2004	524
2005	367
2006	156
2007	58
Total	$ 1,971

Note 9 — Contingencies

In 2001, Smoky River Coal Ltd. (SRCL) declared bankruptcy. As a result, the Fund cashed the $7,136 letter of credit that SRCL had provided to the Department of Sustainable Resource Development. The letter of credit was intended to cover reclamation work in the event that SRCL was unable to perform the work itself. Issues such as determining the level of site reclamation required, determining shared responsibility with related parties, and the assumption of some of the reclamation work by subsequent operators of the site need to be resolved. As a result, an estimate of the costs of SRCL site reclamation for which the Fund is contingently liable cannot be made at this time.

Note 10 — Surplus

The Net Assets for the Fund are capped at $150,000 as per an Alberta Finance directive.

Note 11 — Transfer from the Department

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2002	2001
Revenue in excess of Department's Base Revenue[1]	$ 60,529	$ 66,464
Fire Fighting Grant Revenue	39,472	38,461
Supplementary Estimate:		
Forest Fires	99,000	32,000
	$ 199,001	$ 136,925

1) All revenue received by the Department that is in excess of the Department's base revenue of $51,482 (2001, $54,045).

Note 12 — Salary and Benefits Disclosure

The Province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

Note 13 — Budget Figures

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 2001-2002 government estimates.

Note 14 — Approval Of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

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Schedule to Financial Statements
Expense Detailed by Object

Year ended March 31, 2002
(in thousands)

	2002		2001
	Budget	**Actual**	Actual
Salaries, Wages and Employee Benefits	**$ 8,078**	**$ 27,549**	$ 19,488
Supplies and Services	**43,749**	**126,208**	77,205
Grants	**7,500**	**3,969**	155
Financial Transactions and Other	**-**	**-**	625
Total Expenses	**$ 59,327**	**$ 157,726**	$ 97,473

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Fund.

The Fund had the following transactions with related parties recorded on the statement of operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues				
Transfer from the Department	$ 60,529	$ 66,464	$ -	$ -
Grants from the Department	138,472	70,461	-	-
	$ 199,001	$ 136,925	$ -	$ -
Expenses - Directly Incurred				
Other Services	$ -	$ -	$ 4,870	$ 6,926
Interest	-	-	-	-
	$ -	$ -	$ 4,870	$ 6,926
Receivable From	$ 41,535	$ 56,795	$ -	$ -
Payable To	$ 44,703	$ 3,397	$ -	$ -

Schedule to Financial Statements
Expense Detailed by Object
Year ended March 31, 2002
(in thousands)

	2002		2001
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 8,078	$ 27,549	$ 19,488
Supplies and Services	43,749	126,208	77,205
Grants	7,500	3,969	155
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Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2002
(in thousands)

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	2002	2001	2002	2001
Revenues				
Transfer from the Department	$ 60,529	$ 66,464	$ -	$ -
Grants from the Department	138,472	70,461	-	-
	$ 199,001	$ 136,925	$ -	$ -
Expenses - Directly Incurred				
Other Services	$ -	$ -	$ 4,870	$ 6,926
Interest	-	-	-	-
	$ -	$ -	$ 4,870	$ 6,926
Receivable From	$ 41,535	$ 56,795	$ -	$ -
Payable To	$ 44,703	$ 3,397	$ -	$ -

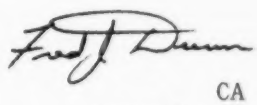
AUDITOR GENERAL *Alberta*

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



CA
Auditor General

Edmonton, Alberta
May 13, 2002

Natural Resources Conservation Board

Statement of Operations

Year ended March 31, 2002

	2002		2001
	Budget (Note 6)	Actual	Actual *(Restated)*
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 1,376,000	$ 2,308,000	$ 652,000
Interest	56,000	75,309	107,633
Other	2,000	7,109	5,251
	1,434,000	2,390,418	764,884
Expenses (Note 2c and Schedule)			
Salaries and Employee Benefits (Note 7)	1,006,500	1,148,952	583,837
Achievement Bonus and Benefits (Note 7)	-	23,727	20,088
Transcripts and Office	122,100	113,214	33,171
Travel and Automobile	109,100	117,969	26,551
Amortization of Capital Assets	50,000	31,785	19,180
Technical Proficiency and Training (Note 7)	23,500	18,821	15,986
Consulting and Professional Fees	60,000	106,422	15,200
Telecommunications	18,200	16,972	10,081
Postage, Freight and Courier	7,200	7,402	2,020
Advertising	7,900	7,692	1,374
Hosting and Promotion	3,000	2,733	758
Hearing Room Rent and Parking	12,500	3,750	740
	1,420,000	1,599,439	728,986
Net Operating Results	$ 14,000	$ 790,979	$ 35,898

The accompanying notes and schedule are part of these financial statements.

Natural Resources Conservation Board

Statement of Financial Position

Year ended March 31, 2002

	2002	2001
ASSETS		
Cash (Note 3)	$ 1,799,118	$ 1,176,282
Accounts Receivable	19,276	1,806
Current Assets	1,818,394	1,178,088
Capital Assets (Note 4)	322,335	56,930
	$ 2,140,729	$ 1,235,018
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 173,020	$ 58,288
Net Assets at Beginning of Year	1,176,730	1,140,832
Net Operating Results	790,979	35,898
Net Assets at End of Year	1,967,709	1,176,730
	$ 2,140,729	$ 1,235,018

The accompanying notes and schedule are part of these financial statements.

Natural Resources Conservation Board

Statement of Operations

Year ended March 31, 2002

	2002		2001
	Budget (Note 6)	**Actual**	Actual *(Restated)*
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 1,376,000	$ 2,308,000	$ 652,000
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Year ended March 31, 2002

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Net Assets at End of Year	1,967,709	1,176,730
	$ 2,140,729	$ 1,235,018

The accompanying notes and schedule are part of these financial statements.

Natural Resources Conservation Board

Statement of Changes in Financial Position

Year ended March 31, 2002

	2002	2001
Cash Provided By (Used In):		
Operating Activities		
Net Operating Results	$ 790,979	$ 35,898
Non-Cash Expense:		
Amortization	31,785	19,180
	822,764	55,078
Changes in Operating Non-Cash Working Capital:		
Accounts Receivable	(17,470)	29,699
Accounts Payable	114,732	(6,060)
	920,026	78,717
Investing Activities		
Acquisition of Capital Assets	(297,190)	(31,150)
Net Increase in Cash During the Year	622,836	47,567
Cash, Beginning of Year	1,176,282	1,128,715
Cash, End of Year	$ 1,799,118	$ 1,176,282

The accompanying notes and schedule are part of these financial statements.

Natural Resources Conservation Board

Statement of Changes in Financial Position

Year ended March 31, 2002

	2002	2001
Cash Provided By (Used In):		
Operating Activities		
Net Operating Results	$ 790,979	$ 35,898
Non-Cash Expense: Amortization	31,785	19,180
	822,764	55,078
Changes in Operating Non-Cash Working Capital:		
Accounts Receivable	(17,470)	29,699
Accounts Payable	114,732	(6,060)
	920,026	78,717
Investing Activities		
Acquisition of Capital Assets	(297,190)	(31,150)
Net increase in Cash During the Year	622,836	47,567
Cash, Beginning of Year	1,176,282	1,128,715
Cash, End of Year	$ 1,799,118	$ 1,176,282

The accompanying notes and schedule are part of these financial statements.

Note 1 — Authority and Purpose

The Natural Resources Conservation Board (the "Board") operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000. The Board provides for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta.

Commencing January 1, 2002, the Board became responsible for the approval, monitoring and compliance of livestock confined feeding operations and manure management under the authority of Part 2 of the *Agricultural Operations Practices Act*, Chapter A-7, RSA 2000.

Note 2 — Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	- 33 1/3% straight line
Computer software	- 100% straight line
Office equipment	- 20% declining balance
Office furniture	- 20% declining balance

(b) Revenue Recognition

Operating transfers are recorded as revenue in the years for which they are approved. All revenues are reported on the accrual method of accounting.

(c) Expenses

Directly Incurred

Directly incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget. Directly incurred expenses include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions for current service of employees during the year.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are disclosed in Note 8 and Schedule.

(d) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable and accounts payable are estimated to approximate their book values.

(e) Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Board and its liabilities.

Note 3 — Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed by Alberta Finance to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

Note 4 — Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net	Net
Computer Hardware	$ 312,463	$ 111,348	$ 201,115	$ 26,890
Computer Software	17,704	9,570	8,134	3,495
Office Equipment	32,992	15,080	17,912	7,561
Office Furniture	192,396	97,222	95,174	18,984
	$ 555,555	$ 233,220	$ 322,335	$ 56,930

Note 5 — Pension

All eligible employees of the Board, except the Chairman, are members of a defined contribution pension plan administered by the Board and managed by Clarica. Pension expense of $68,860 (2001, $43,877) is included in the Statement of Operations within salaries and employee benefits. Pension expense comprises the cost of employer contributions for current service of employees during the year.

The Board participates in the Management Employees Pension Plan. The Board also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is a total of $16,486 for the year ended March 31, 2002.

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338,000 (2000, $170,858,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 (2000, surplus $180,000)

Note 6 — Budget

The 2001-2002 budget was approved by the Board on June 11, 2001.

The Board received a supplementary transfer of $932,000 from Alberta Sustainable Resource Development to carry out its mandate for the regulation of livestock confined feeding operations.

Note 7 — Salaries and Benefits

	2002			2001
	Salary (1)	Benefits and Allowances (2)	Total	Total
Chairman of the Board(3)	$ 48,631	$ 32,515	$ 81,146	$ 304
Board Counsel	113,739	23,879	137,618	126,671
Director, Operations(4)	94,245	27,754	121,999	-
Acting Board Members(5)	7,838	-	7,838	$ 15,712

(1) Salary includes regular base pay, lump sum payments, achievement bonus awards and other direct cash remuneration.

(2) The Board's share of all employee benefits and contributions or payments made on behalf of employees including the Board's share of pension contributions, statutory and health benefits, professional development, personal development incentives, and payments in lieu of vacation. The Board is a participant in the Alberta Energy and Utilities Board (EUB) flexible health benefit plan.

(3) The Chairman became a full-time member of the Board effective December 1, 2001. The Chairman was also provided with a vehicle from January 2002 for which no amount is included in the benefits and allowances figure. The Chairman was a member of the EUB and was paid by the EUB until December 1, 2001.

(4) The Director of Operations commenced employment on May 1, 2001.

(5) Acting Board Members are paid on the basis of contractual arrangements. This amount reflects total per diem for one individual for the year.

Note 8 Shared Services

Expense	Contribution to EUB	Contribution from from EUB
Manpower	$ 94,167	$ 38,479
Travel	11,230	-
Office & Telecommunications	1,661	-
Totals 2001-2002	**$ 107,058**	**$ 38,479**
Totals 2000-2001	$ 149,102	$ 31,296

The Contribution from EUB is recorded as Shared Services on the Schedule of Allocated Costs. On the Statement of Operations, the 2000-2001 Revenues and Expenses have each been reduced by $31,296. These prior year's costs are now reflected solely on the Schedule of Allocated Costs.

The Board has a Memorandum of Understanding ("MOU") with the EUB to share resources on an on-going basis. The MOU will be reviewed annually. Under the MOU, the Board is both a service provider and a service recipient. As the service recipient, the Board receives manpower resources at no cost.

Note 9 Related Party Transactions

The NRCB received $2,308,000 (2001, $652,000) in Transfers from the Department of Sustainable Resource Development.

During the current year, the NRCB paid $202,035 (2001, $23,514) to various Government of Alberta departments and agencies for supplies and/or services. The NRCB contributed $107,058 (2001, $149,102) in shared services to the EUB as per Note 8.

Certain expenses for office space incurred on behalf of the Board by Alberta Infrastructure are reflected in Schedule. These expenses amount to approximately $162,495 (2001, $112,773). In addition, the Board received contributed services from the EUB of $38,479 (2001, $31,296) and $48,200 from Alberta Agriculture as shown in Schedule.

Note 10 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 8 — Shared Services

Expense	Contribution to EUB	Contribution from from EUB
Manpower	$ 94,167	$ 38,479
Travel	11,230	-
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Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 11 — Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001, the Minister of Sustainable Resource Development is responsible for the Natural Resources Conservation Board.

Note 12 — Approval of Financial Statements

These financial statements were approved by the Board.

Natural Resources Conservation Board

Schedule to the Financial Statements
Allocated Costs

Year ended March 31, 2002

Schedule

Projects	2002 Expenses	Expenses Incurred by Others: Accommodation Costs	Expenses Incurred by Others: Shared Services[1]	2002 Total Expenses	2001 Total Expenses
Confined Feeding Operations	$ 1,131,096	$ 114,913	$ 80,071	$ 1,326,080	$ -
Core Business[2]	155,715	15,820	1,652	173,187	226,671
EUB[3]	145,594	14,792	-	160,386	283,419
Highwood Storage	104,096	10,576	3,304	117,976	185,051
Glacier	62,938	6,394	1,652	70,984	112,460
United Industrial Services	-	-	-	-	62,412
Other Projects	-	-	-	-	3,042
	$ 1,599,439	$ 162,495	$ 86,679	$ 1,848,613	$ 873,055

1) Shared services comprise $38,479 manpower services from the EUB and $48,200 from Alberta Agriculture for administrative support and other miscellaneous costs.

2) Core business comprises expenses related to past and potential projects, research, meetings and professional development.

3) EUB includes a portion of the Board's indirect overhead costs. The shared services contribution shown in Note 8 records only direct costs.

Schedule to the Financial Statements
Allocated Costs
Year ended March 31, 2002

Schedule

Projects	2002 Expenses	Expenses Incurred by Others: Accommodation Costs	Expenses Incurred by Others: Shared Services[1]	2002 Total Expenses	2001 Total Expenses
Confined Feeding Operations	$ 1,131,096	$ 114,913	$ 80,071	$ 1,326,080	$ -
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Statement of Remissions, Compromises and Write-Offs

For the year ended March 31, 2002
unaudited
(in thousands)

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

	2001/2002
Remissions under Section 21 of the *Financial Administration Act*:	$
Compromises under Section 22 of the *Financial Administration Act*:	
Other Accounts Receivable:	
Environmental Protection and Enhancement Act	
Write-offs:	
Departmental Accounts Receivable	292
Total remissions, compromises and write-offs	$ 292

Alphabetical List of Government Entities' Financial Statements

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance

Ministry, Department, Fund or Agency	Ministry Annual Report
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development

Ministry, Department, Fund or Agency	Ministry Annual Report
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General

[1] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.

Entities Not Included in the Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment